

**CENTER FOR PUPPETRY ARTS, INC.**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

# CENTER FOR PUPPETRY ARTS, INC.

## TABLE OF CONTENTS

<b>INDEPENDENT AUDITOR'S REPORT</b>	<b>3</b>
<b>FINANCIAL STATEMENTS:</b>	
Statements of Financial Position	4
Statements of Activities	5-6
Statements of Cash Flows	7
Summary of Accounting Policies	8-12
Notes to Financial Statements	13-15



**BLAD & ASSOCIATES, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Center for Puppetry Arts, Inc.

We have audited the accompanying financial statements of the Center for Puppetry Arts, Inc. which comprise the statements of financial position, as of June 30, 2018 and 2017, and the related statements of activities 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.

**Auditor's 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 audits 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 the Center for Puppetry Arts, Inc., as of June 30, 2018 and 2017, 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.

*Blad & Associates, P.C.*

Dunwoody, Georgia

December 20, 2018

**CENTER FOR PUPPETRY ARTS, INC.**  
**Statements of Financial Position**

	As of June 30,	
	2018	2017
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 2,911	\$ 75,640
Marketable securities	795,544	741,667
Contributions and other receivables, less reserve of of \$10,000 and \$10,000 at 2018 and 2017	94,069	346,910
Grants and contracts receivable	37,848	62,000
Inventory	115,848	76,764
Prepays	98,182	104,225
	1,144,402	1,407,206
<b>CASH AND MARKETABLE SECURITIES (2017) RESTRICTED FOR LONG TERM PURPOSES (NOTE 1)</b>	463,603	515,609
<b>ASSETS RESTRICTED FOR ENDOWMENTS:</b>		
Marketable securities	1,707,795	1,707,795
<b>PROPERTY AND EQUIPMENT- NET</b>	13,027,343	13,229,759
<b>MUSEUM COLLECTION (NOTE 1)</b>	4,022,490	4,001,198
<b>TOTAL ASSETS</b>	\$ 20,365,633	\$ 20,861,567
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accruals	\$ 216,688	\$ 197,655
Deferred revenue	133,938	161,071
Line of credit (Note 2)	169,000	574,000
	519,626	932,726
<b>Total Current Liabilities</b>	519,626	932,726
<b>Total Liabilities</b>	519,626	932,726
<b>NET ASSETS (NOTE 1):</b>		
Unrestricted	12,582,289	12,722,959
Temporarily restricted	1,533,433	1,496,889
Permanently restricted	5,730,285	5,708,993
	19,846,007	19,928,841
<b>Total Net Assets</b>	19,846,007	19,928,841
<b>TOTAL LIABILITIES AND NET ASSETS</b>	\$ 20,365,633	\$ 20,861,567

See accompanying summary of accounting policies and notes to financial statements.

**CENTER FOR PUPPETRY ARTS, INC.**

**Statement of Activities  
For the Year Ended June 30, 2018**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total Net Assets</u>
<b>PUBLIC SUPPORT:</b>				
Contributions	\$ 712,718	\$ 539,390	\$ 21,292	\$ 1,273,400
Grants and contracts	106,758	-	-	106,758
Donated services and materials	125,638	-	-	125,638
Membership	41,425	-	-	41,425
<b>Total Public Support</b>	<b>986,539</b>	<b>539,390</b>	<b>21,292</b>	<b>1,547,221</b>
<b>REVENUE:</b>				
Performances	906,429	-	-	906,429
Museum	555,996	-	-	555,996
Education	436,723	-	-	436,723
String Fling, net of direct benefits costs of \$65,762	170,328	-	-	170,328
Henson Gala, net of direct benefits costs of \$79,416	99,695	-	-	99,695
Gift shop	237,450	-	-	237,450
Interest and dividends	-	111,634	-	111,634
Gain (loss) on marketable securities	-	78,672	-	78,672
Other revenue	111,650	-	-	111,650
<b>Total Revenue</b>	<b>2,518,271</b>	<b>190,306</b>	<b>-</b>	<b>2,708,577</b>
<b>Total Public Support and Revenue before Transfers</b>	<b>3,504,810</b>	<b>729,696</b>	<b>21,292</b>	<b>4,255,798</b>
<b>Net Assets Released from Restrictions Due to Satisfaction of Donor-imposed Requirements</b>	<b>693,152</b>	<b>(693,152)</b>	<b>-</b>	<b>-</b>
<b>Total Public Support and Revenue</b>	<b>4,197,962</b>	<b>36,544</b>	<b>21,292</b>	<b>4,255,798</b>
<b>EXPENSES:</b>				
Program	3,167,586	-	-	3,167,586
Management and general	836,284	-	-	836,284
Fundraising	334,762	-	-	334,762
<b>Total Expenses</b>	<b>4,338,632</b>	<b>-</b>	<b>-</b>	<b>4,338,632</b>
<b>Net Changes in Net Assets</b>	<b>(140,670)</b>	<b>36,544</b>	<b>21,292</b>	<b>(82,834)</b>
<b>NET ASSETS:</b>				
<b>Beginning of Year</b>	<b>12,722,959</b>	<b>1,496,889</b>	<b>5,708,993</b>	<b>19,928,841</b>
<b>End of Year</b>	<b>\$ 12,582,289</b>	<b>\$ 1,533,433</b>	<b>\$ 5,730,285</b>	<b>\$ 19,846,007</b>

See accompanying summary of accounting policies and notes to financial statements.

**CENTER FOR PUPPETRY ARTS, INC.**

**Statement of Activities  
For the Year Ended June 30, 2017**

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total Net Assets</u>
<b>PUBLIC SUPPORT:</b>				
Contributions	\$ 874,433	\$ 661,374	\$ 111,569	\$ 1,647,376
Grants and contracts	126,115	-	-	126,115
Donated services and materials	442,726	-	-	442,726
Membership	49,915	-	-	49,915
<b>Total Public Support</b>	<b>1,493,189</b>	<b>661,374</b>	<b>111,569</b>	<b>2,266,132</b>
<b>REVENUE:</b>				
Performances	834,904	-	-	834,904
Museum	433,417	-	-	433,417
Education	408,324	-	-	408,324
String Fling, net of direct benefits cost of \$50,418	148,691	-	-	148,691
Henson Gala, net of direct benefits costs of \$58,401	79,298	-	-	79,298
Gift shop	230,862	-	-	230,862
Interest and dividends	-	90,741	-	90,741
Gain (loss) on marketable securities	-	165,379	-	165,379
Other revenue	103,940	-	-	103,940
<b>Total Revenue</b>	<b>2,239,436</b>	<b>256,120</b>	<b>-</b>	<b>2,495,556</b>
<b>Total Public Support and Revenue before Transfers</b>	<b>3,732,625</b>	<b>917,494</b>	<b>111,569</b>	<b>4,761,688</b>
<b>Net Assets Released from Restrictions Due to Satisfaction of Donor-imposed Requirements</b>	<b>909,439</b>	<b>(909,439)</b>	<b>-</b>	<b>-</b>
<b>Total Public Support and Revenue</b>	<b>4,642,064</b>	<b>8,055</b>	<b>111,569</b>	<b>4,761,688</b>
<b>EXPENSES:</b>				
Program	3,570,061	-	-	3,570,061
Management and general	815,254	-	-	815,254
Fundraising	356,751	-	-	356,751
<b>Total Expenses</b>	<b>4,742,066</b>	<b>-</b>	<b>-</b>	<b>4,742,066</b>
<b>Net Changes in Net Assets</b>	<b>(100,002)</b>	<b>8,055</b>	<b>111,569</b>	<b>19,622</b>
<b>NET ASSETS:</b>				
<b>Beginning of Year</b>	<b>12,822,961</b>	<b>1,488,834</b>	<b>5,597,424</b>	<b>19,909,219</b>
<b>End of Year</b>	<b>\$ 12,722,959</b>	<b>\$ 1,496,889</b>	<b>\$ 5,708,993</b>	<b>\$ 19,928,841</b>

See accompanying summary of accounting policies and notes to financial statements.

**CENTER FOR PUPPETRY ARTS, INC.**  
**Statements of Cash Flows**

	For the Year Ended June 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Changes In net assets	\$ (82,834)	\$ 19,622
Adjustments to changes in net assets to net cash flows from operating activities:		
Depreciation	561,998	540,210
Unrealized loss (gain) on investments	(59,400)	(139,291)
Contributions restricted for long term purposes	(377,939)	(488,848)
Donated museum collection items	(21,292)	(111,568)
Bad debt provision	37,398	4,527
(Increase) decrease in accounts receivable	239,595	(20,600)
(Increase) decrease in inventory	(39,084)	(16,126)
(Increase) decrease in prepaids	6,043	(12,351)
Increase (decrease) in accounts payable and accruals	19,033	(87,601)
Increase (decrease) in deferred revenue	(27,133)	20,145
	256,385	(291,881)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (increase) decrease of marketable securities (current) - net of unrealized gains and losses	5,523	18,745
Decrease (increase) in cash and securities restricted for long term purposes - net of unrealized gains and losses:	52,006	217,034
Purchases of property and equipment	(359,582)	(412,106)
	(302,053)	(176,327)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net advances (repayments) on line of credit	(405,000)	55,000
Collections of contributions restricted for long term purposes:	377,939	488,848
	(27,061)	543,848
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(72,729)	75,640
<b>CASH AND CASH EQUIVALENTS:</b>		
<b>BEGINNING OF PERIOD</b>	75,640	-
<b>END OF PERIOD</b>	\$ 2,911	\$ 75,640
<b>SUPPLEMENTAL INFORMATION:</b>		
Interest expense payments	\$ 10,168	\$ 13,164
Income tax payments	\$ -	\$ -

See accompanying summary of accounting policies and notes to financial statements.

# **CENTER FOR PUPPETRY ARTS, INC.**

## **SUMMARY OF ACCOUNTING POLICIES**

### **ORGANIZATION**

The Center for Puppetry Arts, Inc., (the "Organization"), is a Georgia non-profit corporation. The Organization's purpose is to promote puppetry arts to the public through performances, a museum and education.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Organization's net assets, revenue, support and expenses are classified based on the existence or absence of donor-imposed restrictions into three classes: permanently restricted, temporarily restricted and unrestricted net assets.

### **PUBLIC SUPPORT AND REVENUE RECOGNITION**

Support is recognized in the year received at its fair market value. Contributions with donor-imposed restrictions are reported as restricted-support. The satisfaction or expiration of donor-imposed restrictions is recorded as a transfer from restricted to unrestricted net assets in the year the satisfaction or expiration occur.

The Organization classifies donor-restricted contributions as unrestricted if the restrictions are met in the same reporting period in which the contributions are received.

Pledges to give payments in future years are recorded as support in the year the pledge is made. The fair value of promises to give that are due in more than one year is estimated by discounting the future cash flows using current risk-free rates of return based on U.S. Treasury Securities yields with maturity dates similar to the expected collection period.

The Organization provides an allowance for doubtful accounts based upon a review of the outstanding receivables. The Organization determines if receivables are past due based on days outstanding and amounts are written off when determined to be uncollectible by management. The maximum accounting loss from the credit risk associated with the receivable is the amount of the receivable recorded.

### **EXPENSE RECOGNITION**

All expenses are recognized in the statement of activities as decreases in unrestricted net assets.

### **FUNCTIONAL ALLOCATION OF EXPENSES**

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support services are allocated directly according to their natural expenditure classification. Indirect expenses have been allocated based primarily on salary expenditures.



# CENTER FOR PUPPETRY ARTS, INC.

## SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### USE OF ESTIMATES

The preparation of financial statements in accordance with GAAP requires reliance on accounting information based on estimates which may or may not come true in the near term. Significant estimates include the functional expense allocation, the capitalization of property and equipment and the estimated fair value of donated museum collections.

### INCOME TAXES

The Organization is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code. Accordingly, no income taxes are reflected in the accompanying financial statements. In addition, the Organization has been classified as an entity that is not a private foundation within the meaning of section 509(a).

### PROPERTY AND EQUIPMENT

Property and equipment are stated at cost or the fair market value at the time of the donation for contributed items. Depreciation is computed over the estimated useful lives (3-40 years) of the assets using the straight-line method. Acquisitions of property and equipment or repairs, maintenance, or betterments that materially prolong the useful lives of assets are capitalized. Property and equipment consists of the following:

	As of June 30,	
	2018	2017
Buildings and improvements	\$16,597,050	\$16,218,133
Furniture and equipment	1,196,321	1,151,151
Vehicles	59,403	59,403
Construction in progress	90,108	154,612
Land	1,781,074	1,781,074
Property and Equipment	19,723,956	19,364,373
Less accumulated depreciation	(6,696,613)	(6,134,614)
Property and Equipment - Net	\$13,027,343	\$13,229,759

### MUSEUM COLLECTION

The museum collection represents works of arts or historically significant items in the field of puppetry that are held for public exhibition in the Organization's museum or exhibits. The Organization's policy is to capitalize all collections at cost or, for donated items, at fair market value at the time of the donation. In accordance with the Organization's policy, the proceeds from the sale of collection items must be used to acquire other collection items. The Organization has designated the collection as inexhaustible and, accordingly, does not record depreciation for these assets.

# CENTER FOR PUPPETRY ARTS, INC.

## SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### ADVERTISING

The Organization charged advertising totaling \$162,689 and \$256,195 to expense during the years ended June 30, 2018 and 2017, respectively. Primarily all of the advertising was donated to the Organization. For nondirect-response advertising, the Organization's policy is to expense costs as incurred.

### STATEMENT OF CASH FLOWS

Cash includes interest bearing checking accounts and bank certificates of deposit with original maturities of three months or less.

### DONATED SERVICES AND MATERIALS

Donated services and materials are recognized at their estimated values at the date of service or donation. The accompanying statements of activities reflect the following contributed services and materials:

	For the year ended June 30,	
	2018	2017
Advertising and publicity	\$ 38,350	\$ 108,438
Architectural services	-	250,000
Travel	23,260	1,500
Legal	18,538	22,187
Information technology services	31,980	30,744
Other	13,510	29,857
	<u>\$ 125,638</u>	<u>\$ 442,726</u>

In addition, many individuals volunteer time and perform a variety of tasks that assist the Organization with various administrative and program functions. No amounts have been recorded in the financial statements to reflect these volunteers because these donated services do not meet the criteria for recognition.

### CONCENTRATIONS

The Organization maintains bank accounts and brokerage accounts at financial institutions that may exceed federally insured limits at times.

### FINANCIAL INSTRUMENTS

The Organization's financial instruments consist of marketable securities, accounts payable and accrued expenses and a line of credit. These financial instruments are stated at cost, which approximates fair value, except for marketable securities which are stated at fair market value.

# CENTER FOR PUPPETRY ARTS, INC.

## SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

### RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued a new accounting standard, ASU 2014-09 (*Topic 606*), which impacts revenue recognition for exchange transactions. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted subsequent to periods beginning after December 15, 2016. The Organization plans to adopt ASU 2014-09 (*Topic 606*) for the year beginning after December 15, 2018. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued a new accounting standard, ASU No. 2016-02, *Leases (Topic 842)*, which provides guidance for accounting for leases. The new guidance requires companies to recognize the assets and liabilities for the rights and obligations created by leased assets, initially measured at the present value of the lease payments. The accounting guidance for lessors is largely unchanged. The ASU is effective for fiscal years beginning after December 15, 2019. It is to be adopted using a modified retrospective approach. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

In August 2016, the FASB issued a new accounting standard, ASU 2016-14 (*Topic 958*), which changes the presentation and disclosure requirements for not for profits (NFP). The standard changes the net asset classification requirements and information presented about a NFP's liquidity, financial performance and cash flows. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2017 and for interim periods within fiscal years beginning after December 15, 2018. Early adoption of the standard is permitted. The Organization plans to adopt ASU 2016-14 (*Topic 958*) for year beginning after December 15, 2017. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

In June 2018, the FASB issued a new accounting standard, ASU 2018-18 (*Topic 958*), to clarify and improve the scope and the accounting guidance for contributions received and contributions made. The standard will take effect for annual financial statements issued for fiscal years beginning after December 15, 2018. Early adoption is permitted. The Organization plans to adopt ASU 2018-08 (*Topic 958*) for the year beginning after December 15, 2018. The Organization is currently evaluating the impact that the adoption of this guidance will have on the Organization's financial statements.

### INVENTORY

The Organization's inventory consists primarily of items held for resale in the gift shop. Inventory is stated at the lower of cost or market.

# CENTER FOR PUPPETRY ARTS, INC.

## SUMMARY OF ACCOUNTING POLICIES (CONCLUDED)

### MARKETABLE SECURITIES

Marketable securities are carried at fair value. Realized and unrealized gains and losses are reflected in the statements of activities and changes in net assets. Marketable securities represent primarily amounts invested in publicly traded stocks, bonds and mutual funds (focused primarily on stocks and bonds). The marketable securities have been valued using level 1 and 2 inputs.

Level 1 - Quoted prices in active markets for identical assets or liabilities.

Level 2 - Observable inputs other than quoted prices included in level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Marketable securities consist of the following at June 30:

	<u>2018</u>	<u>2017</u>
Fixed income funds	\$ 412,081	\$ 535,895
Equity funds	1,541,797	1,335,421
Alternative strategies funds	362,188	432,099
Real estate investment funds	<u>187,273</u>	<u>154,207</u>
	<u>\$2,503,339</u>	<u>\$2,457,622</u>

### UNCERTAIN TAX POSITIONS

The Organization recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authority, based on the technical merits of the position. As of June 30, 2018 and 2017, there are no known items which would result in a material accrual related to where the Organization has federal or state attributable tax positions. Generally, taxing authorities have three years to examine a filing from the later of the filing date or the extended due date of the filing.

### SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, which is the date the financial statements were available to be issued.

# CENTER FOR PUPPETRY ARTS, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE 1 - RESTRICTED NET ASSETS

Permanently restricted net assets consist of the following:

	As of June 30,	
	2018	2017
General endowment fund (a)	\$ 402,500	\$ 402,500
Artistic endowment fund (b)	945,918	945,918
Barbara Wyllly endowment fund (c)	209,377	209,377
Goizueta Foundation endowment(b)	150,000	150,000
Museum collection	4,022,490	4,001,198
	\$5,730,285	\$5,708,993

- (a) -income is unrestricted (Capital Campaign III)
- (b) -income is restricted for creative programming, portion of income must be reinvested (Artistic Endowment Campaign)
- (c) -income is restricted to support the executive director's artistic and programming responsibilities (Barbara Wyllly Endowment Campaign)

The Organization's endowment investment policy is to primarily invest in money market funds and publicly traded equity and debt instruments. Amounts are spent from the endowments at the Organization's discretion. Changes in assets invested with endowment funds are as follows:

	Temporarily Restricted	Permanently Restricted	Total
Balance at 6/30/16	\$ 626,191	\$ 1,707,795	\$ 2,333,986
Interest and dividends earned	90,741	-	90,741
Management fees	(11,689)	-	(11,689)
Realized and unrealized gains (loss)	165,379	-	165,379
Withdrawals	(150,000)	-	(150,000)
Balance at 6/30/17	720,622	1,707,795	2,428,417
Interest and dividends earned	111,634	-	111,634
Management fees	(12,143)	-	(12,143)
Realized and unrealized gains (loss)	78,672	-	78,672
Withdrawals	-	-	-
Balance at 6/30/18	\$ 898,785	\$1,707,795	\$2,606,580

# CENTER FOR PUPPETRY ARTS, INC.

## NOTES TO FINANCIAL STATEMENTS (CONTINUED)

### NOTE 1 - RESTRICTED NET ASSETS-concluded

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) has been adopted by the State of Georgia. The Board of the Organization has reviewed UPMIFA and, having considered its rights and obligations thereunder, has determined that it is desirable to preserve, on a long-term basis, the fair value of original gifts as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this determination, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Organization considers: (1) The duration and preservation of the endowment fund; (2) The purposes of the Organization and the endowment fund; (3) General economic conditions; (4) The possible effect of inflation or deflation; (5) The expected total return from income and the appreciation of investments; (6) Other resources of the Organization; and (7) The investment policies of the Organization.

The assets of the general endowment are invested in a segregated investment account and the remaining endowment funds (collectively referred to as the “consolidated artistic endowment fund”) are invested in another investment account.

Temporarily restricted net assets consisted of cash and receivables restricted for the following:

	As of June 30,	
	2018	2017
Newcapital campaign purpose related to facility renovation	\$ 463,604 *	\$ 515,609 *
Artistic purposes – accum. earnings on artistic endowment	389,058	283,303
Operating – accum. earnings on general endowment	509,727	437,319
Field Trips	-	53,000
Distance learning/education	39,100	-
Museum	34,593	-
General operating – FYE 6/30/18	-	100,000
General operating – FYE 6/30/19	2,000	-
Programming – FYE 6/30/19	85,250	-
Other	10,101	107,658
	\$1,533,433	\$1,496,889

\*donor-imposed restrictions that limit their use to long term purposes are reflected as noncurrent assets.

# **CENTER FOR PUPPETRY ARTS, INC.**

## **NOTES TO FINANCIAL STATEMENTS (CONCLUDED)**

### **NOTE 2 - LINE OF CREDIT**

The Organization has an \$800,000 line of credit from a bank. The line of credit is secured by all assets and matures in January 30, 2019. Under the terms of the agreement, interest is payable monthly at the LIBOR rate plus 1.5 percent with the principal payable in full at maturity. One month LIBOR rate at June 30, 2018 was 2%. The Organization has the option to change the interest rate to the bank's prime rate plus 1.5 percent.

### **NOTE 3 – CONTINGENCIES**

Grants and contributions often require the fulfillment of certain conditions as set forth in the terms of the related instrument. Failure to fulfill the conditions could result in the return of the funds to the grantor. Management represents that the Organization has complied with any such conditions. Although the return of funds is a possibility, management deems the contingency unlikely.

### **NOTE 4 - PENSION PLAN**

The Organization has a Tax Deferred Annuity plan, as defined under Section 403(b) of the Internal Revenue Code. The employee can make contributions to the plan through a salary reduction agreement with the Organization, subject to certain maximum limitations. The Organization can make a discretionary contribution to the plan up to three percent of the employee's compensation. The plan is underwritten and maintained by an outside party. During the years ended June 30, 2018 and 2017, total employer's contributions to the plan were \$20,513 and \$7,110, respectively.