

# **Arts United of Greater Fort Wayne, Inc.**

Independent Auditor's Report and  
Consolidated Financial Statements

December 31, 2019 and 2018

# Arts United of Greater Fort Wayne, Inc.

December 31, 2019 and 2018

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## Independent Auditor's Report

Board of Directors  
Arts United of Greater Fort Wayne, Inc.  
Fort Wayne, Indiana

We have audited the accompanying consolidated financial statements of Arts United of Greater Fort Wayne, Inc. (Organization), which comprise the consolidated statements of financial position as of December 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Arts United of Greater Fort Wayne, Inc. as of December 31, 2019 and 2018, 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.

### *Consolidating Information*

Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual organizations 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 audits 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 consolidated financial statements or to the 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.

*BKD, LLP*

Fort Wayne, Indiana  
June 4, 2020

**Arts United of Greater Fort Wayne, Inc.**  
**Consolidated Statement of Financial Position**  
**December 31, 2019**

	<b>Arts United</b>	<b>CAP, LLC</b>	<b>Consolidated Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,753,527	\$ 67,645	\$ 1,821,172
Contributions receivable	4,357,724	-	4,357,724
Accounts receivable	210,341	-	210,341
Grants and prepaid expenses	81,296	-	81,296
Investments	8,276,238	-	8,276,238
Property and equipment	6,352,155	-	6,352,155
Beneficial interest in perpetual trusts	823,344	-	823,344
	<u>\$ 21,854,625</u>	<u>\$ 67,645</u>	<u>\$ 21,922,270</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 128,780	\$ 14,713	\$ 143,493
Funds held for others	108,510	-	108,510
Grants payable	639,852	-	639,852
Line of credit	81,527	-	81,527
Deferred revenue	166,166	-	166,166
Total liabilities	<u>1,124,835</u>	<u>14,713</u>	<u>1,139,548</u>
<b>Net Assets</b>			
Without donor restrictions			
Available for current operations and property and equipment	6,555,583	52,932	6,608,515
Board-designated	424,808	-	424,808
Total unrestricted	<u>6,980,391</u>	<u>52,932</u>	<u>7,033,323</u>
With donor restrictions	13,749,399	-	13,749,399
Total net assets	<u>20,729,790</u>	<u>52,932</u>	<u>20,782,722</u>
Total liabilities and net assets	<u>\$ 21,854,625</u>	<u>\$ 67,645</u>	<u>\$ 21,922,270</u>

**Arts United of Greater Fort Wayne, Inc.**  
**Consolidated Statement of Financial Position**  
**December 31, 2018**

	<b>Arts United</b>	<b>CAP, LLC</b>	<b>Consolidated Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 1,834,139	\$ 3,080	\$ 1,837,219
Contributions receivable	3,892,723	-	3,892,723
Accounts receivable	332,517	-	332,517
Grants and prepaid expenses	32,668	-	32,668
Investments	7,470,555	-	7,470,555
Property and equipment	6,548,647	-	6,548,647
Beneficial interest in perpetual trusts	731,717	-	731,717
	<u>\$ 20,842,966</u>	<u>\$ 3,080</u>	<u>\$ 20,846,046</u>
<b>Liabilities</b>			
Accounts payable and accrued expenses	\$ 77,704	\$ 7,775	\$ 85,479
Funds held for others	141,193	-	141,193
Grants payable	583,817	-	583,817
Line of credit	179,027	-	179,027
Deferred revenue	66,946	-	66,946
Total liabilities	<u>1,048,687</u>	<u>7,775</u>	<u>1,056,462</u>
<b>Net Assets</b>			
Without donor restrictions			
Available for current operations and property and equipment	7,169,235	(4,695)	7,164,540
Board-designated	422,482	-	422,482
Total unrestricted	<u>7,591,717</u>	<u>(4,695)</u>	<u>7,587,022</u>
With donor restrictions	12,202,562	-	12,202,562
Total net assets	<u>19,794,279</u>	<u>(4,695)</u>	<u>19,789,584</u>
Total liabilities and net assets	<u>\$ 20,842,966</u>	<u>\$ 3,080</u>	<u>\$ 20,846,046</u>

**Arts United of Greater Fort Wayne, Inc.**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2019**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Subtotal</b>	<b>CAP, LLC</b>	<b>Consolidated Total</b>
<b>Revenue, Gains (Losses) and Other Support</b>					
Contributions	\$ 252,853	\$ 1,546,352	\$ 1,799,205	\$ 65,000	\$ 1,864,205
Government grants					
Indiana Arts Commission	317,437	-	317,437	-	317,437
City of Fort Wayne	95,000	-	95,000	-	95,000
Rental income	531,833	-	531,833	-	531,833
Box office income	119,588	-	119,588	-	119,588
Events	24,562	-	24,562	-	24,562
Investment income	7,312	189,060	196,372	-	196,372
Net realized and unrealized gains on investments	153,252	1,199,755	1,353,007	-	1,353,007
Change in value - perpetual trusts	-	91,627	91,627	-	91,627
Other	43,667	-	43,667	-	43,667
In-kind contributions	9,350	-	9,350	-	9,350
	<u>1,554,854</u>	<u>3,026,794</u>	<u>4,581,648</u>	<u>65,000</u>	<u>4,646,648</u>
Net assets released from restriction	<u>1,479,957</u>	<u>(1,479,957)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue, gains (losses) and other support	<u>3,034,811</u>	<u>1,546,837</u>	<u>4,581,648</u>	<u>65,000</u>	<u>4,646,648</u>
<b>Expenses</b>					
Grants	1,008,958	-	1,008,958	-	1,008,958
Community development program	348,432	-	348,432	7,373	355,805
Arts campus operations	1,553,702	-	1,553,702	-	1,553,702
Business services	150,398	-	150,398	-	150,398
Total program services	<u>3,061,490</u>	<u>-</u>	<u>3,061,490</u>	<u>7,373</u>	<u>3,068,863</u>
General and administration	358,828	-	358,828	-	358,828
Fundraising	225,819	-	225,819	-	225,819
Total expenses	<u>3,646,137</u>	<u>-</u>	<u>3,646,137</u>	<u>7,373</u>	<u>3,653,510</u>
<b>Change in Net Assets</b>	(611,326)	1,546,837	935,511	57,627	993,138
<b>Net Assets, Beginning of Year</b>	<u>7,591,717</u>	<u>12,202,562</u>	<u>19,794,279</u>	<u>(4,695)</u>	<u>19,789,584</u>
<b>Net Assets, End of Year</b>	<u>\$ 6,980,391</u>	<u>\$ 13,749,399</u>	<u>\$ 20,729,790</u>	<u>\$ 52,932</u>	<u>\$ 20,782,722</u>

**Arts United of Greater Fort Wayne, Inc.**  
**Consolidated Statement of Activities**  
**Year Ended December 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Subtotal	CAP, LLC	Consolidated Total
<b>Revenue, Gains (Losses) and Other Support</b>					
Contributions	\$ 263,601	\$ 4,528,032	\$ 4,791,633	\$ 119,545	\$ 4,911,178
Government grants					
Indiana Arts Commission	260,644	-	260,644	-	260,644
City of Fort Wayne	95,000	-	95,000	-	95,000
Rental income	476,258	-	476,258	-	476,258
Box office income	98,677	-	98,677	-	98,677
Events	20,197	-	20,197	27,747	47,944
Investment income	5,673	130,087	135,760	-	135,760
Net realized and unrealized losses on investments	(19,997)	(577,207)	(597,204)	-	(597,204)
Change in value - perpetual trusts	-	(76,788)	(76,788)	-	(76,788)
Other	79,144	-	79,144	20	79,164
In-kind contributions	9,350	-	9,350	-	9,350
	<u>1,288,547</u>	<u>4,004,124</u>	<u>5,292,671</u>	<u>147,312</u>	<u>5,439,983</u>
Net assets released from restriction	<u>2,304,656</u>	<u>(2,304,656)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue, gains (losses) and other support	<u>3,593,203</u>	<u>1,699,468</u>	<u>5,292,671</u>	<u>147,312</u>	<u>5,439,983</u>
<b>Expenses</b>					
Grants	835,322	-	835,322	-	835,322
Community development program	280,725	-	280,725	152,565	433,290
Arts campus operations	1,302,045	-	1,302,045	-	1,302,045
Business services	183,455	-	183,455	-	183,455
Total program services	<u>2,601,547</u>	<u>-</u>	<u>2,601,547</u>	<u>152,565</u>	<u>2,754,112</u>
General and administration	410,491	-	410,491	-	410,491
Fundraising	293,286	-	293,286	-	293,286
Total expenses	<u>3,305,324</u>	<u>-</u>	<u>3,305,324</u>	<u>152,565</u>	<u>3,457,889</u>
<b>Change in Net Assets</b>	287,879	1,699,468	1,987,347	(5,253)	1,982,094
<b>Net Assets, Beginning of Year</b>	<u>7,303,838</u>	<u>10,503,094</u>	<u>17,806,932</u>	<u>558</u>	<u>17,807,490</u>
<b>Net Assets, End of Year</b>	<u><u>\$ 7,591,717</u></u>	<u><u>\$ 12,202,562</u></u>	<u><u>\$ 19,794,279</u></u>	<u><u>\$ (4,695)</u></u>	<u><u>\$ 19,789,584</u></u>



**Arts United of Greater Fort Wayne, Inc.**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2019**

	Program Services				General and Administration	Fundraising	Total Expenses
	Grants	Community Development	Arts Campus Operations	Business Services			
Salaries and wages	\$ -	\$ 261,001	\$ 533,605	\$ 49,403	\$ 119,425	\$ 72,412	\$ 1,035,846
Employee benefits	-	19,934	120,381	11,828	28,592	17,337	198,072
Total salaries, wages and related expenses	-	280,935	653,986	61,231	148,017	89,749	1,233,918
Accounting and legal fees	-	-	-	-	31,771	-	31,771
Administrative expenses	-	-	-	-	4,491	-	4,491
Architectural planning	-	-	-	-	-	79,084	79,084
Bank fees	-	126	-	-	27,559	-	27,685
Building contracts	-	-	30,859	-	-	-	30,859
Campaign operations consulting	-	-	-	-	-	47,500	47,500
Computer, IT and software	-	12,225	11,143	-	56,838	-	80,206
Depreciation	-	-	407,945	-	-	-	407,945
Dues and subscriptions	-	-	-	-	1,145	-	1,145
Fund drive and fundraising events	-	39,863	-	-	-	1,489	41,352
General insurance	-	-	-	-	24,159	-	24,159
Grants - Amplify Art	23,239	-	-	-	-	-	23,239
Grants - Annual Operating Support	570,000	-	-	-	-	-	570,000
Grants - IAC operating support	264,197	-	-	-	-	-	264,197
Grants - IAC project	93,191	-	-	-	-	-	93,191
Grants - Lincoln NAII program	30,780	-	-	-	-	-	30,780
Grants - Public Art Program	-	-	-	-	-	4,450	4,450
Guest services and equipment	-	-	9,759	-	-	-	9,759
Interest expense	-	-	-	-	2,541	-	2,541
Investment management fees	-	-	-	43,110	-	-	43,110
Marketing and promotion	-	-	-	20,593	-	2,623	23,216
Mayoral Forum Grant	2,500	5,000	-	-	-	-	7,500
Meetings and conferences	-	1,964	-	-	2,819	713	5,496
Miscellaneous expense	-	-	-	361	25,457	-	25,818
Office supplies	-	21	-	-	11,355	-	11,376
Online marketing expense	-	11,963	-	-	-	-	11,963
Other project support	25,051	-	-	-	-	-	25,051
Postage	-	3,227	-	-	4,754	-	7,981
Printing and publications	-	-	-	-	7,541	-	7,541
Professional development	-	-	-	-	6,476	-	6,476
Rentals	-	-	-	17,241	-	211	17,452
Repair and maintenance	-	-	90,161	-	-	-	90,161
Security	-	-	7,761	2,563	-	-	10,324
Stage maintenance and supplies	-	-	24,266	1,435	-	-	25,701
Supplies	-	-	42,984	3,225	-	-	46,209
Telephone and internet	-	-	19,632	-	-	-	19,632
Travel, hotel and food	-	481	-	-	3,905	-	4,386
Utilities	-	-	255,206	639	-	-	255,845
Total	<u>\$ 1,008,958</u>	<u>\$ 355,805</u>	<u>\$ 1,553,702</u>	<u>\$ 150,398</u>	<u>\$ 358,828</u>	<u>\$ 225,819</u>	<u>\$ 3,653,510</u>

**Arts United of Greater Fort Wayne, Inc.**  
**Consolidated Statement of Functional Expenses**  
**Year Ended December 31, 2018**

	Program Services						Total Expenses
	Grants	Community Development	Arts Campus Operations	Business Services	General and Administration	Fundraising	
Salaries and wages	\$ -	\$ 187,080	\$ 379,050	\$ 115,583	\$ 172,257	\$ 94,366	\$ 948,336
Employee benefits	-	14,300	28,988	8,856	99,206	12,275	163,625
Total salaries, wages and related expenses	-	201,380	408,038	124,439	271,463	106,641	1,111,961
Advertising/promotion	-	20,391	-	-	-	27,301	47,692
Artist fees	-	109,000	-	-	-	-	109,000
Travel, hotel and food	-	222	224	-	1,455	962	2,863
Board development/CAC	-	2,540	333	-	319	205	3,397
Building and stage supplies	-	-	16,105	-	-	-	16,105
Guest services and equipment	-	-	12,182	447	-	-	12,629
Campaign and special events	-	17,069	-	-	-	143,759	160,828
Depreciation	-	-	411,667	-	-	-	411,667
Dues and subscriptions	-	-	508	-	2,666	-	3,174
Grants - AU operating support	583,817	-	-	-	-	-	583,817
Grants - Renaissance capital	2,500	-	-	-	-	-	2,500
Grants - IAC operating support	128,842	-	-	-	-	-	128,842
Grants - IAC project	88,889	-	-	-	-	-	88,889
Grants - Lincoln NAII program	12,043	-	-	-	-	-	12,043
Grants - Amplify Art	19,231	-	-	-	-	-	19,231
Insurance	-	4,403	-	-	25,092	-	29,495
Interest expense	-	-	-	-	7,438	-	7,438
Investment management and bank fees	-	810	13,703	10,970	-	-	25,483
Meetings and conferences	-	460	-	-	2,167	506	3,133
Administrative expenses	-	51	21	1,836	2,108	-	4,016
Office supplies	-	366	1,394	-	5,349	-	7,109
Other expense	-	46,993	1,480	22,961	-	-	71,434
Postage	-	3,110	-	-	7,079	-	10,189
Printing and publications	-	2,786	-	2,268	9,720	193	14,967
Professional services and legal fees	-	-	518	1,075	29,166	-	30,759
Repairs and maintenance	-	-	180,868	-	1,676	-	182,544
Security	-	3,334	1,980	-	603	-	5,917
Telephone/internet	-	-	245	-	20,301	-	20,546
Software	-	550	7,510	19,459	23,889	13,719	65,127
Licenses and permits	-	154	-	-	-	-	154
Rentals	-	18,051	-	-	-	-	18,051
Supplies	-	1,620	16,317	-	-	-	17,937
Utilities	-	-	228,952	-	-	-	228,952
<b>Totals</b>	<b>\$ 835,322</b>	<b>\$ 433,290</b>	<b>\$ 1,302,045</b>	<b>\$ 183,455</b>	<b>\$ 410,491</b>	<b>\$ 293,286</b>	<b>\$ 3,457,889</b>

**Arts United of Greater Fort Wayne, Inc.**  
**Consolidated Statement of Cash Flow**  
**Years Ended December 31, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Operating Activities</b>		
Change in net assets	\$ 993,138	\$ 1,982,094
Items not requiring (providing) operating activities cash flows		
Depreciation	407,945	411,667
Net realized and unrealized (gains) losses on investments	(1,353,007)	597,204
Change in value of beneficial interest in perpetual trusts	(91,627)	76,788
Contributions received on contributions receivable restricted to acquisition of capital assets	(616,165)	(1,422,837)
Changes in		
Receivables	(342,825)	(3,180,717)
Prepaid expenses	(48,628)	(10,515)
Accounts payable, accrued expenses and funds held by others	25,331	(99,917)
Grants payable	56,035	9,176
Deferred revenue	99,220	14,317
Net cash used in operating activities	<u>(870,583)</u>	<u>(1,622,740)</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(211,453)	(113,695)
Purchase of investments	3,570,155	2,170,506
Sales and maturities of investments	(3,022,831)	(2,154,655)
Net cash provided by (used in) investing activities	<u>335,871</u>	<u>(97,844)</u>
<b>Financing Activities</b>		
Payments on line of credit	(97,500)	(97,500)
Proceeds from contributions received and payments received on contributions receivable restricted to acquisition of capital assets	616,165	1,422,837
Net cash provided by financing activities	<u>518,665</u>	<u>1,325,337</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	(16,047)	(395,247)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>1,837,219</u>	<u>2,232,466</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u>\$ 1,821,172</u>	<u>\$ 1,837,219</u>
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ 2,541	\$ 7,438

**Arts United of Greater Fort Wayne, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

Arts United of Greater Fort Wayne, Inc. (Organization) was incorporated as a not-for-profit organization in June 1955, under the laws of the state of Indiana. The Organization's mission is to provide support to arts organizations and unite and coordinate arts efforts within northeast Indiana. The Organization's support is derived principally from contributions.

During 2017, the Organization changed its year-end from June 30 to December 31.

***Principle of Consolidation***

The consolidated financial statements include the accounts of Arts United of Greater Fort Wayne, Inc. and CAP, LLC. All material interorganizational accounts and transactions have been eliminated in consolidation.

***Use of Estimates***

The preparation of 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenue, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Net Assets – Basis of Presentation***

Net assets, revenue, expenses, gains and losses are classified based on the existence or absence of donor or grantor imposed restrictions. The definitions used to clarify and report net assets are as follows:

*Net Assets Without Donor Restrictions* – Net assets that are not subject to donor imposed stipulations and are available for use in general operations or are part of what is invested in property, plant and equipment (net of related debt). However, the governing board may designate any of these funds for specific purposes (*i.e.*, specific purpose reserves or endowments).

*Net Assets With Donor Restrictions* – Net assets subject to donor imposed stipulations (1) that will be met either by actions of the Organization or the passage of time or (2) that are to be permanently maintained by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on related investments for general or specific purposes.

# Arts United of Greater Fort Wayne, Inc.

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### Contributions

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> , the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

Unconditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

### Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2019 and 2018, cash equivalents consisted primarily of money market funds.

**Arts United of Greater Fort Wayne, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

At December 31, 2019, the Organization's cash accounts exceeded federally insured limits by approximately \$731,213.

***Investments and Investment Return***

Investments are carried at fair value; realized and unrealized gains and losses are reflected in the consolidated statements of activities.

Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; less external and direct internal investment expenses. Gains and losses on the sale of securities are recorded on the trade date and are determined using the specific identification method.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in net assets without donor restrictions. Other investment return is reflected in the consolidated statements of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

The Organization maintains pooled investment accounts for its endowments. Investment income and realized and unrealized gains and losses from securities in the pooled investment accounts are allocated monthly to the individual endowments based on the relationship of the fair value of the interest of each endowment to the total fair value of the pooled investments accounts, as adjusted for additions to or deductions from those accounts.

***Accounts Receivable***

Accounts receivable are stated at the amount of consideration from customers, of which the Organizations have an unconditional right to receive. The Organizations provide an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. Management has deemed all accounts receivable fully collectible; therefore, there is no allowance at December 31, 2019 and 2018.

***Income Taxes***

The Organization is exempt from federal income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code and a similar provision of state law. However, the Organization is subject to federal income tax on any unrelated business taxable income. The Organization is not considered to be a private foundation.

# Arts United of Greater Fort Wayne, Inc.

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### **Property and Equipment**

Expenditures for property and equipment and items, which substantially increase the useful lives of existing assets, are capitalized at cost. The Organization provides for depreciation on the straight-line method at rates designed to depreciate the costs of assets over estimated useful lives as follows:

	<u>Years</u>
Furniture and equipment	5-25
Building and land improvements	5-25
Buildings	30-50

### **In-Kind Contributions**

In addition to receiving cash contributions, the Organization receives in-kind contributions from various donors. It is the policy of the Organization to record the estimated fair value of certain in-kind donations as an expense in its consolidated financial statements and similarly increase contribution revenue by a like amount. For year ended December 31, 2019 and 2018, \$9,350 and \$9,350, respectively, was received in in-kind contributions.

## **Note 2: Change in Accounting Principle**

### **Revenue Recognition**

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that replaces existing revenue recognition guidance. The new standard requires companies to recognize revenue in a way that depicts the transfer of promised goods or services to customers (members) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, Topic 606 requires disclosures of the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The Organization adopted this standard on January 1, 2019, using a modified retrospective approach. Comparative prior period information has not been adjusted and continues to be reported in accordance with previous revenue recognition guidance in ASC Topic 605 — *Revenue Recognition*. The Organization has applied the new standard to all contracts not complete at the date of adoption. The Organization's adoption of Topic 606 did not result in a change to the timing of revenue recognition.

The majority of the Organization's revenues come from contributions, grants, rental income and investment earnings, which are outside the scope of Topic 606. The Organization's primary services that fall within the scope of Topic 606 include box office income and events. Revenue from providing these services is recognized when the Organization satisfies its obligation to the customer.

# Arts United of Greater Fort Wayne, Inc.

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### **Contributions Received and Contributions Made**

As of January 1, 2019, the Organization adopted the FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, (ASU 2018-08) using a modified prospective method of adoption to all agreements that were not completed as of January 1, 2019.

The intent of ASU 2018-08 is to assist an organization in evaluating whether transactions are considered nonreciprocal transactions and should be accounted for as contributions, or if the transactions are considered reciprocal and should be accounted for as exchange transactions. Additionally, the revised guidance helps entities evaluate whether a contribution is conditional or unconditional.

The adoption has no impact on overall change in net assets or net cash provided by operating activities.

### **Note 3: Contributions Receivable**

Contributions receivable at December 31 consisted of the following:

	<b>2019</b>	<b>2018</b>
Due within one year	\$ 1,630,358	\$ 1,541,255
Due in one to five years	<u>2,815,822</u>	<u>2,469,300</u>
	4,446,180	4,010,555
Less		
Unamortized discount	<u>(88,456)</u>	<u>(117,832)</u>
	<u>\$ 4,357,724</u>	<u>\$ 3,892,723</u>

The discount rate was 1.61 percent and 2.50 percent for the periods ended December 31, 2019 and 2018, respectively.



# Arts United of Greater Fort Wayne, Inc.

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### Note 4: Investments and Investment Return

The Organization's investments at December 31 are as follows:

	<b>2019</b>	<b>2018</b>
U.S. Government securities	\$ 153,672	\$ 99,317
U.S. Government agency obligations	76,376	123,723
Corporate bonds	204,828	216,941
Common stocks		
Consumer	221,493	182,690
Energy	92,385	67,305
Financial	376,856	329,979
Service	266,209	285,621
Health care	324,345	331,444
Industrial	237,157	199,253
Information technology	593,706	493,750
Material	73,001	79,407
Telecommunication	96,953	70,545
Real estate	25,066	21,745
Utilities	50,609	61,805
Mutual funds		
Fixed income funds	2,329,335	2,094,117
Blended funds	1,453,757	1,374,624
Emerging market funds	100,939	92,323
Growth funds	720,280	681,334
Value funds	639,106	476,101
Real estate funds	163,060	101,938
Bank loan funds	50,481	58,670
Other funds	26,624	27,923
Total	\$ 8,276,238	\$ 7,470,555

The following schedule summarizes the investment return and its classification in the statements of activities for the years ended December 31, 2019 and 2018:

	<b>2019</b>	<b>2018</b>
Dividends and interest	\$ 196,372	\$ 135,760
Net realized and unrealized gains (losses) on investments	1,353,007	(597,204)
Total return on investments	\$ 1,549,379	\$ (461,444)

Investment fees relating to the above investments totaled \$43,110 and \$46,711 for the years ended December 31, 2019 and 2018, respectively. These fees are netted against dividends and interest.

**Arts United of Greater Fort Wayne, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

**Note 5: Property and Equipment**

The Organization's property and equipment at December 31 are as follows:

	<b>2019</b>	<b>2018</b>
Building and improvements	\$ 11,632,480	\$ 11,444,282
Furniture and equipment	1,706,198	1,682,943
Land improvements	763,867	763,867
Construction in progress	<u>120,553</u>	<u>120,553</u>
	14,223,098	14,011,645
Accumulated depreciation	<u>(9,019,313)</u>	<u>(8,611,368)</u>
	5,203,785	5,400,277
Land	<u>1,148,370</u>	<u>1,148,370</u>
	<u><u>\$ 6,352,155</u></u>	<u><u>\$ 6,548,647</u></u>

**Note 6: Beneficial Interest in Perpetual Trusts**

The Organization is the beneficiary under three perpetual trusts administered by an outside party. Under the terms of the trust, the Organization has the irrevocable right to receive income earned on the trust assets in perpetuity, but never receives the assets held in trust. The estimated value of the expected future cash flows is \$823,344 and \$731,717, which represents the fair market value of the trust assets at December 31, 2019 and 2018, respectively.

**Note 7: Leases**

The Organization leases office and arts facilities and equipment to other not-for-profit member organizations under various agreements, which are renewed annually. Rental income from the lease agreements for the years ended December 31, 2019 and 2018, was \$531,833 and \$476,258, respectively, which includes technical production, concession and parking fees. The gross amounts of property and equipment and related accumulated depreciation for leasing under operating leases are as follows:

	<b>2019</b>	<b>2018</b>
Buildings and improvements	\$ 11,632,480	\$ 11,444,282
Property and equipment	<u>1,706,198</u>	<u>1,682,943</u>
	13,338,678	13,127,225
Accumulated depreciation	<u>(9,019,313)</u>	<u>(8,026,308)</u>
	<u><u>\$ 4,319,365</u></u>	<u><u>\$ 5,100,917</u></u>

**Arts United of Greater Fort Wayne, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

Future minimum rental income payments under operating leases are:

2020	\$ 169,049
2021	<u>95,652</u>
Total minimum lease payments	<u><u>\$ 264,701</u></u>

**Note 8: Line of Credit**

The Organization has a \$1,500,000 revolving line of credit expiring in February 2020. At December 31, 2019 and 2018, there was \$81,527 and \$179,027, respectively, borrowed against this line. The line is secured by investments. Interest varies at LIBOR plus 1.5 percent.

**Note 9: Net Assets With Donor Restrictions**

Net assets with donor restrictions at December 31, are restricted for the following purposes or periods:

	<u>2019</u>	<u>2018</u>
Campaign receivable - time	\$ 4,156,022	\$ 3,358,301
Public Art program	109,837	115,000
Lincoln internship program	23,256	17,957
Amplify Art	-	19,769
Subject to specified purpose or time	<u>4,289,115</u>	<u>3,511,027</u>
Endowments		
Subject to appropriation and expenditure when a specified event occurs	4,750,171	4,073,049
Investment in perpetuity, the income of which is expendable to fund facilities management activities and other activities of the Organization	3,886,769	3,886,769
Beneficial interest in perpetual trusts	<u>823,344</u>	<u>731,717</u>
Total endowments	<u>9,460,284</u>	<u>8,691,535</u>
Total net assets with donor restrictions	<u><u>\$ 13,749,399</u></u>	<u><u>\$ 12,202,562</u></u>

# Arts United of Greater Fort Wayne, Inc.

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by other events specified by donors:

	<b>2019</b>	<b>2018</b>
Current year campaign activity	\$ 224,356	\$ 1,017,005
Prior year campaign activity	-	727,595
Total campaign activity	224,356	1,744,600
Endowment distribution	723,615	227,924
Other programs	531,986	332,132
	<u>\$ 1,479,957</u>	<u>\$ 2,304,656</u>

### Note 10: Endowment

The Organization's endowment consists of two individual funds established for a variety of purposes. The endowment includes only donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's governing body is subject to the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the governing body appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net asset with restrictions to net asset without donor restrictions. The governing body of the Organization has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Foundation considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMFIFA to permit not spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMFIA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization

**Arts United of Greater Fort Wayne, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

7. Investment policies of the Organization

Changes in endowment net assets for the year December 31, 2019, were:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of period	\$ —	\$ 8,691,535	\$ 8,691,535
Endowment earnings	—	1,492,364	1,492,364
Contributions	—	—	—
Endowment payout	—	(723,615)	(723,615)
Endowment net assets, end of period	<u>\$ —</u>	<u>\$ 9,460,284</u>	<u>\$ 9,460,284</u>

The composition of net assets by type of endowment fund at December 31, 2019, was:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	<u>\$ —</u>	<u>\$ 9,460,284</u>	<u>\$ 9,460,284</u>

Amounts of donor-restricted endowment funds classified as net assets with donor restrictions consisted of:

Portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or Indiana UPMIFA	<u>\$ 4,710,113</u>
Portion of perpetual endowment funds subject to a time restriction under Indiana UPMIFA with purpose restrictions	<u>\$ 4,750,171</u>

Changes in endowment net assets for the year December 31, 2018, were:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Endowment net assets, beginning of period	\$ —	\$ 9,443,367	\$ 9,443,367
Endowment earnings	—	(523,908)	(523,908)
Contributions	—	—	—
Endowment payout	—	(227,924)	(227,924)
Endowment net assets, end of period	<u>\$ —</u>	<u>\$ 8,691,535</u>	<u>\$ 8,691,535</u>

The composition of net assets by type of endowment fund at December 31, 2018, was:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Donor-restricted endowment funds	<u>\$ —</u>	<u>\$ 8,691,535</u>	<u>\$ 8,691,535</u>

**Arts United of Greater Fort Wayne, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2019 and 2018**

Amounts of donor-restricted endowment funds classified as net assets with donor restrictions consisted of:

Portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or Indiana UPMIFA	<u>\$ 4,618,486</u>
Portion of perpetual endowment funds subject to a time restriction under Indiana UPMIFA with purpose restrictions	<u>\$ 4,073,049</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulation or Indiana UPMIFA. In accordance with GAAP, deficiencies of this nature are reported in net assets without restrictions. There were no such deficiencies at December 31, 2019 and 2018.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity or for donor-specified periods. Under the Organization’s policies, endowment assets are invested in a manner that is intended to produce results that exceed appropriate benchmarks while assuming a moderate level of investment risk. The Organization expects its endowment funds to provide an average rate of return of approximately 8 percent annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Organization has a policy (the spending policy) of appropriating for expenditure each year up to 5 percent of its endowment fund’s average fair value over the prior 12 quarters through the year-end preceding the year in which expenditure is planned. In establishing this policy, the Organization considered the long-term expected return on its endowment. Accordingly, over the long term, the Organization expects the current spending policy to allow its endowment to grow at an average of 3 percent annually. This is consistent with the Organization’s objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

# Arts United of Greater Fort Wayne, Inc.

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### Note 11: Liquidity

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 date, comprise the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 1,327,377	\$ 1,837,219
Accounts receivable	210,341	332,517
Cash collections from contributions receivable for operations	340,200	200,000
Endowment draw	<u>508,110</u>	<u>494,282</u>
	<u>\$ 2,386,028</u>	<u>\$ 2,864,018</u>

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-related activities, as well as the conduct of service undertaken to support those activities, to be general expenditures.

The Organization has various sources of liquidity at its disposal, including cash and cash equivalents and receivables, as well as a line of credit (Note 8).

# Arts United of Greater Fort Wayne, Inc.

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### Note 12: Grants Payable

Grants to eligible arts and cultural organizations for general operating support. Grants approved in 2019 and paid in 2020 as well as grants approved in 2018 and paid in 2019 are as follows:

	Grants Approved for Payment in 2019	Grants Approved for Payment in 2018
Operating support grants		
Fort Wayne Philharmonic	\$ 130,560	\$ 136,862
Fort Wayne Museum of Art	105,085	110,157
Fort Wayne Ballet	79,609	83,452
Fort Wayne Civic	59,707	74,129
Allen County/Fort Wayne Historical Society	39,804	49,420
Fort Wayne Dance Collective	39,804	21,308
Fort Wayne Youtheatre	19,902	20,863
ARCH	11,941	12,518
Artlink	11,941	12,518
Audience Unlimited	19,902	12,518
Cinema Center	-	12,518
F.A.M.E	11,941	12,518
Fort Wayne Children's Choir	19,902	12,518
Unity	19,902	12,518
AOS-I	7,977	-
AOS-II	38,410	-
APS	23,465	-
	\$ 639,852	\$ 583,817
Total		

### Note 13: Employee Benefits

The Organization maintains a 403(b) tax-deferred annuity plan for the benefit of all full-time employees, which allows for both employee and employer contributions. The Organization contributes a matching contribution of 50 percent of employee contributions, up to 3 percent to 4 percent of eligible employee compensation, based on length of service. The Organization's contribution to the plan was \$14,880 and \$13,016 for the years ended December 31, 2019 and 2018, respectively.



**Arts United of Greater Fort Wayne, Inc.**  
**Notes to Consolidated Financial Statements**  
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**Note 14: Concentration**

***Contributions***

Approximately 79 percent and 93 percent of all contributions receivable were from three donors at December 31, 2019 and 2018. The Organization received one contribution and two contributions that comprised approximately 17 percent and 61 percent of total contribution income for the years ended December 31, 2019 and 2018, respectively.

**Note 15: Related Party Transactions**

At December 31, 2019 and 2018, the Organization had cash and investments of approximately \$688,156 and \$1,656,000, respectively, at one financial institution and two financial institutions, respectively, where a Board member is either employed or has an ownership interest.

**Note 16: Disclosures About Fair Value of Assets and Liabilities**

ASC Topic 820, *Fair Value Measurements* defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Topic 820 also specifies a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities

# Arts United of Greater Fort Wayne, Inc.

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31, 2019 and 2018:

	2019			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash equivalents				
Money market funds	\$ 258,544	\$ 258,544	\$ -	\$ -
Investments				
U.S. Government securities	153,672	153,672	-	-
U.S. Government agency obligations	76,376	-	76,376	-
Corporate bonds	204,828	-	204,828	-
Common stocks				
Consumer	221,493	221,493	-	-
Energy	92,385	92,385	-	-
Financial	376,856	376,856	-	-
Service	266,209	266,209	-	-
Health care	324,345	324,345	-	-
Industrial	237,157	237,157	-	-
Information technology	593,706	593,706	-	-
Material	73,001	73,001	-	-
Telecommunication	96,953	96,953	-	-
Real estate	25,066	25,066	-	-
Utilities	50,609	50,609	-	-
Mutual funds				
Fixed income funds	2,329,335	2,329,335	-	-
Blended funds	1,453,757	1,453,757	-	-
Emerging market funds	100,939	100,939	-	-
Growth funds	720,280	720,280	-	-
Value funds	639,106	639,106	-	-
Real estate funds	163,060	163,060	-	-
Bank loan funds	50,481	50,481	-	-
Other funds	26,624	26,624	-	-
Beneficial interest in perpetual trusts	823,344	-	823,344	-

# Arts United of Greater Fort Wayne, Inc.

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

	2018			
	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<b>Assets</b>				
Cash equivalents				
Money market funds	\$ 295,404	\$ 295,404	\$ -	\$ -
Investments				
U.S. Government securities	99,317	99,317	-	-
U.S. Government agency obligations	123,723	-	123,723	-
Corporate bonds	216,941	-	216,941	-
Common stocks				
Consumer	182,690	182,690	-	-
Energy	67,305	67,305	-	-
Financial	329,979	329,979	-	-
Service	285,621	285,621	-	-
Health care	331,444	331,444	-	-
Industrial	199,253	199,253	-	-
Information technology	493,750	493,750	-	-
Material	79,407	79,407	-	-
Telecommunication	70,545	70,545	-	-
Real estate	21,745	21,745	-	-
Utilities	61,805	61,805	-	-
Mutual funds				
Fixed income funds	2,094,117	2,094,117	-	-
Blended funds	1,374,624	1,374,624	-	-
Emerging market funds	92,323	92,323	-	-
Growth funds	681,334	681,334	-	-
Value funds	476,101	476,101	-	-
Real estate funds	101,938	101,938	-	-
Bank loan funds	58,670	58,670	-	-
Other funds	27,923	27,923	-	-
Beneficial interest in perpetual trusts	731,717	-	731,717	-

Following is a description of the inputs and valuation methodologies used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There were no liabilities measured at fair value on a recurring basis and no assets or liabilities measured at fair value on a nonrecurring basis. There have been no significant changes in the valuation techniques during the year ended December 31, 2019.

# Arts United of Greater Fort Wayne, Inc.

## Notes to Consolidated Financial Statements

December 31, 2019 and 2018

### ***Cash Equivalents and Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities include common stocks, exchange-traded mutual funds, money market funds and U.S. Government securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics or discounted cash flows and are classified within Level 2 of the valuation hierarchy. The inputs used by the pricing services to determine fair value may include one, or a combination of, observable inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data market publications. Level 2 securities include corporate bonds and U.S. Government agency obligations. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. There are no Level 3 securities.

### ***Beneficial Interest in Perpetual Trusts***

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreements. Due to the nature of the valuation inputs, the interest is classified within Level 2 of the hierarchy.

### **Note 17: Subsequent Events**

Subsequent events have been evaluated through June 4, 2020, which is the date the consolidated financial statements were available to be issued.

There has been significant volatility in the investment markets both nationally and globally since December 31, 2019, resulting in an overall market decline in certain market segments, which has resulted in a substantial decline in the value of our investment portfolio.