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# Urban Gateways

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**Financial Report**  
**August 31, 2020**

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## **Independent Auditor's Report**

To the Board of Directors  
Urban Gateways

We have audited the accompanying financial statements of Urban Gateways (the "Organization"), which comprise the statement of financial position as of August 31, 2020 and 2019 and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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

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

### ***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 Urban Gateways as of August 31, 2020 and 2019 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matters***

As described in Note 14 to the financial statements, the COVID-19 pandemic has impacted business operations. Our opinion is not modified with respect to this matter.

To the Board of Directors  
Urban Gateways

As described in Note 2 to the financial statements, the Organization adopted the provisions of Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to this matter.

*Plante & Moran, PLLC*

December 15, 2020

Statement of Financial Position

August 31, 2020 and 2019

	2020	2019
<b>Assets</b>		
Cash	\$ 363,095	\$ 48,480
Accounts receivable:		
Accounts receivable	23,728	94,140
Contributions and grants receivable - Net	988,417	1,002,575
Prepaid expenses and deposits	36,104	55,192
Property and equipment - Net	269,067	266,742
	<u>\$ 1,680,411</u>	<u>\$ 1,467,129</u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 17,753	\$ 28,357
Accrued expenses	6,810	3,030
Deferred revenue	31,577	4,420
Note payable	135,438	46,959
Paycheck Protection Program loan	241,942	-
	<u>433,520</u>	<u>82,766</u>
<b>Net Assets</b>		
Without donor restrictions	233,185	324,312
With donor restrictions	1,013,706	1,060,051
	<u>1,246,891</u>	<u>1,384,363</u>
	<u>\$ 1,680,411</u>	<u>\$ 1,467,129</u>

## Urban Gateways

# Statement of Activities and Changes in Net Assets

Years Ended August 31, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public Support and Revenue</b>						
Contributions - Urban Gateways board	\$ 166,304	\$ -	\$ 166,304	\$ 187,335	\$ 4,250	\$ 191,585
Contributions - Individuals	96,135	-	96,135	176,923	-	176,923
Contributions - Corporations	99,700	-	99,700	108,225	-	108,225
Contributions - Foundations	828,833	494,973	1,323,806	848,870	908,733	1,757,603
Community schools (21st CCLC and other)	21,823	-	21,823	53,420	-	53,420
Art residency programs	302,899	-	302,899	449,695	-	449,695
Touring performances	112,933	-	112,933	181,730	-	181,730
Fees and grants from government agencies	31,300	-	31,300	111,137	64,068	175,205
Special event revenue - Net	104,704	-	104,704	142,679	3,000	145,679
Other income	1,280	-	1,280	9,434	-	9,434
Total public support and revenue	1,765,911	494,973	2,260,884	2,269,448	980,051	3,249,499
<b>Net Assets Released from Restrictions</b>	541,318	(541,318)	-	366,126	(366,126)	-
Total public support, revenue, and net assets released from restrictions	2,307,229	(46,345)	2,260,884	2,635,574	613,925	3,249,499
<b>Expenses</b>						
Program services	1,548,768	-	1,548,768	1,870,814	-	1,870,814
Support services:						
Administrative expenses	444,464	-	444,464	402,266	-	402,266
Fundraising expenses	405,124	-	405,124	402,894	-	402,894
Total support services	849,588	-	849,588	805,160	-	805,160
Total expenses	2,398,356	-	2,398,356	2,675,974	-	2,675,974
<b>(Decrease) Increase in Net Assets</b>	(91,127)	(46,345)	(137,472)	(40,400)	613,925	573,525
<b>Net Assets - Beginning of year</b>	324,312	1,060,051	1,384,363	364,712	446,126	810,838
<b>Net Assets - End of year</b>	<b>\$ 233,185</b>	<b>\$ 1,013,706</b>	<b>\$ 1,246,891</b>	<b>\$ 324,312</b>	<b>\$ 1,060,051</b>	<b>\$ 1,384,363</b>

Statement of Functional Expenses

Year Ended August 31, 2020

	Program	Administrative	Fundraising	Total
Artist and instructor fees	\$ 388,805	\$ -	\$ 350	\$ 389,155
Program supplies	38,308	10	15	38,333
Bus rental	523	-	-	523
Compensation - Staff	654,425	223,403	284,432	1,162,260
Compensation - Temporary	15,373	-	-	15,373
Payroll taxes	52,699	16,145	20,520	89,364
Benefits - Group insurance	107,368	30,269	31,131	168,768
Benefits - Retirement	6,430	2,020	2,712	11,162
Benefits - Unemployment expense	12,642	-	-	12,642
Staff professional development	1,986	2,963	335	5,284
Professional fees	4,667	26,209	1,496	32,372
Advertising and promotion	-	38,526	4,767	43,293
Travel, conferences, and meetings	8,852	2,559	1,661	13,072
Depreciation	44,897	12,654	22,140	79,691
Software and equipment expense	35,562	25,050	10,178	70,790
Facilities and utilities	142,642	13,056	9,758	165,456
Finance charges	260	1,545	4,369	6,174
Insurance - General	13,850	10,986	3,957	28,793
Insurance - Workers' compensation	5,567	826	1,641	8,034
Interest expenses	1,544	27,894	33	29,471
Office supplies	240	1,542	28	1,810
Other expenses	920	2,343	2,499	5,762
Postage and delivery	319	773	1,178	2,270
Telephone	10,889	5,691	1,924	18,504
Special event expense	-	-	37,294	37,294
<b>Total functional expenses</b>	<b>\$ 1,548,768</b>	<b>\$ 444,464</b>	<b>\$ 442,418</b>	<b>\$ 2,435,650</b>

Statement of Functional Expenses

Year Ended August 31, 2019

	Program	Administrative	Fundraising	Total
Artist and instructor fees	\$ 561,167	\$ 356	\$ 3,523	\$ 565,046
Program supplies	62,513	-	-	62,513
Bus rental	2,852	-	-	2,852
Bad debt	1,800	-	-	1,800
Compensation - Staff	668,235	223,063	269,667	1,160,965
Compensation - Bonus	500	-	500	1,000
Compensation - Temporary	13,894	-	-	13,894
Payroll taxes	55,100	16,340	19,585	91,025
Benefits - Group insurance	122,619	19,049	27,855	169,523
Benefits - Retirement	15,882	5,955	6,786	28,623
Staff professional development	9,445	966	2,581	12,992
Professional fees	12,162	24,919	1,295	38,376
Advertising and promotion	-	58,301	12,138	70,439
Travel, conferences, and meetings	24,808	2,141	7,599	34,548
Depreciation	45,009	3,415	6,830	55,254
Software and equipment expense	34,557	14,925	11,501	60,983
Facilities and utilities	185,936	4,990	10,788	201,714
Finance charges	-	1,363	5,577	6,940
Insurance - General	13,776	1,399	3,794	18,969
Insurance - Workers' compensation	12,956	1,784	3,881	18,621
Interest expenses	2,801	19,267	-	22,068
Office supplies	1,231	401	509	2,141
Other expenses	5,542	1,134	3,812	10,488
Postage and delivery	2,326	535	1,880	4,741
Telephone	15,703	1,963	2,793	20,459
Special event expense	-	-	128,300	128,300
<b>Total functional expenses</b>	<b>\$ 1,870,814</b>	<b>\$ 402,266</b>	<b>\$ 531,194</b>	<b>\$ 2,804,274</b>



Statement of Cash Flows

Years Ended August 31, 2020 and 2019

	2020	2019
<b>Cash Flows from Operating Activities</b>		
(Decrease) increase in net assets	\$ (137,472)	\$ 573,525
Adjustments to reconcile (decrease) increase in net assets to net cash from operating activities:		
Depreciation	79,691	55,254
Discount on contributions receivable	9,618	19,762
Changes in operating assets and liabilities that provided (used) cash:		
Contributions and grants receivable	70,412	(510,360)
Accounts receivable	4,540	(42,660)
Prepaid expenses and deposits	19,087	(232)
Deferred rent	-	(11,025)
Accounts payable	(10,604)	24,146
Accrued expenses	3,781	(4,180)
Deferred revenue	27,157	(580)
Net cash provided by operating activities	66,210	103,650
<b>Cash Flows Used in Investing Activities</b> - Purchase of property and equipment	(82,016)	(166,052)
<b>Cash Flows from Financing Activities</b>		
Repayment of note payable	(20,077)	(16,613)
Proceeds from note payable	108,556	-
Proceeds from PPP loan	241,942	-
Proceeds from line of credit	300,000	395,000
Payments on line of credit	(300,000)	(395,000)
Net cash provided by (used in) financing activities	330,421	(16,613)
<b>Net Increase (Decrease) in Cash</b>	314,615	(79,015)
<b>Cash</b> - Beginning of year	48,480	127,495
<b>Cash</b> - End of year	<u>\$ 363,095</u>	<u>\$ 48,480</u>
<b>Supplemental Cash Flow Information</b> - Cash paid for interest	\$ 28,294	\$ 16,286

**Note 1 - Nature of Business**

Urban Gateways (the "Organization") was incorporated under the laws of the State of Illinois as a not-for-profit organization on March 14, 1963 and operates in Chicago and its surrounding suburbs. The mission of the Organization is to engage young people in arts experiences to inspire creativity and impact social change. The Organization works to overcome social and economic barriers for youth to access Chicago's artistic and cultural vitality, fostering a more creative and artistically responsive society.

**Note 2 - Significant Accounting Policies**

***Classification of Net Assets***

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objective of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are released to net assets without restrictions.

***Contributions***

Contributions of cash and other assets, including unconditional promises to give in the future, are reported as revenue when received, measured at fair value. Donor promises to give in the future are recorded at the present value of estimated future cash flows.

Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period in which the gifts are received are both reported as contributions without donor restrictions. Other restricted gifts are reported as restricted support and net assets with donor restrictions.

The Organization's contributions and grants receivable are primarily composed of contribution grants committed from various donors and funding agencies for use in the Organization's activities. Contributions and grants receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue.

The Organization contracts to provide services to certain governmental and private agencies. Governmental grants revenue is considered a nonexchange transaction and is recognized as the conditions of the contracts have been met. Amounts that have been awarded but not yet recognized as revenue are treated as conditional contributions and are not reflected in the accompanying financial statements. At August 31, 2020, contracts totaling approximately \$151,577 have been awarded to the Organization for contract services to be performed after August 31, 2020 through August 2021, subject to continuing government appropriation and the Organization's ability to deploy the contract amounts.

The Organization also evaluates the collectibility of all promises to give in the future. The Organization has an allowance for doubtful accounts of \$0 as of August 31, 2020 and 2019.

**Note 2 - Significant Accounting Policies (Continued)**

***Accounts Receivable***

Accounts receivable are stated at invoice cost. Account balances are reviewed regularly to determine whether delinquent accounts should be written off. The Organization has an allowance for doubtful accounts of \$0 as of August 31, 2020 and 2019.

***Property and Equipment***

Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

***Revenue***

Program and touring performances revenue is recognized as services are provided.

***Donated Services and Assets***

Certain donated services are recognized as support in the statement of activities and changes in net assets. The value of these services is determined based on estimated fair value. The Organization received free rent for certain months in 2019 as part of its lease agreement with its landlord. These amounts were classified as an in-kind donation in the corporation contribution revenue line item in the statement of activities and changes in net assets, with a corresponding amount added to rent expense.

In addition, the Organization has volunteers who donate their time and services in performance of the Organization's programs. No amounts have been recognized in the accompanying statement of activities and changes in net assets because the criteria for recognition of such volunteer efforts under generally accepted accounting principles (GAAP) have not been satisfied.

***Use of Estimates***

The preparation of financial statements in conformity with GAAP 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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Income Taxes***

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the statement of activities and changes in net assets. Costs have been allocated between the various program and support services on several bases and estimates. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Expenses that are allocated include the following:

- Compensation and benefits - Time and effort
- Depreciation - Headcount and square footage
- Software and equipment - Headcount
- Facilities and utilities - Headcount and square footage

August 31, 2020 and 2019

**Note 2 - Significant Accounting Policies (Continued)**

- Insurance - Headcount
- Telephone - Headcount

***Adoption of New Accounting Principle***

In June 2018, the FASB issued ASU No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The accounting guidance will result in more governmental contracts being accounted for as contributions and may delay revenue recognition for certain grants and contributions that no longer meet the definition of unconditional. The Organization adopted the new standard on a modified prospective basis; however, it did not impact the recognition of contribution or grant agreements received or made. There was no impact on the financial statements as of August 31, 2020 and 2019 from the adoption of this ASU.

***Upcoming Accounting Pronouncements***

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which will supersede the current revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Organization's year ending August 31, 2021 and will be applied on a modified prospective basis. The Organization does not expect the standard to have a significant impact on the timing of revenue recognition.

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending August 31, 2023 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The new lease standard is expected to have a significant effect on the Organization's financial statements as a result of the Organization's operating leases, as disclosed in Note 9, that will be reported on the statement of financial position at adoption. Upon adoption, the Organization will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including December 15, 2020, which is the date the financial statements were available to be issued.

Notes to Financial Statements

August 31, 2020 and 2019

**Note 3 - Contributions and Grants Receivable**

Included in contributions receivable are several unconditional promises to give. They are included as follows:

	2020	2019
Promises to give before discount	\$ 990,066	\$ 1,013,842
Less net present value discount	(1,649)	(11,267)
Net contributions receivable	\$ 988,417	\$ 1,002,575
Amounts due in:		
Less than one year	\$ 495,066	\$ 483,842
One to five years	495,000	530,000
Total	\$ 990,066	\$ 1,013,842

**Note 4 - Property and Equipment**

Property and equipment are summarized as follows:

	2020	2019	Depreciable Life - Years
Technology and office equipment	\$ 454,460	\$ 378,528	3-10
SLYM program center assets	217,989	212,991	3-5
Leasehold improvements	451,944	450,858	5
Total cost	1,124,393	1,042,377	
Accumulated depreciation	855,326	775,635	
Net property and equipment	\$ 269,067	\$ 266,742	

Depreciation expense for 2020 and 2019 was \$79,691 and \$55,254, respectively.

**Note 5 - Line of Credit**

On July 18, 2014, management entered into an agreement with JPMorgan Chase Bank, N.A. for a revolving line of credit with maximum additional borrowings of \$300,000. Interest on this line is charged at the rate of 1.50 percent per annum above the prime rate and is secured by the assets of the Organization. The rate at August 31, 2020 and 2019 was 4.75 and 6.50 percent, respectively. The Organization had no outstanding balance on the line of credit as of August 31, 2020 and 2019.

**Note 6 - Paycheck Protection Program Note Payable**

The Organization received a Paycheck Protection Program (PPP) term note through its primary financial institution of \$241,942. The note was issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act's PPP. The note structure required organization officials to certify certain statements that permitted the Organization to qualify for the loan and provides loan forgiveness for a portion or all of the borrowed amount if the Organization uses the loan proceeds for the permitted loan purpose described in the note agreement. The portion of the loan not forgiven will require the Organization to pay back this amount in full by April 2022. The Organization has the right to prepay any amount outstanding at any time without penalty.

Notes to Financial Statements

August 31, 2020 and 2019

**Note 7 - Long-term Debt**

The Organization restructured the original note with IFF on January 13, 2020 by borrowing an additional \$108,556. The new maturity date of the restructured loan is February 1, 2024. Long-term debt at August 31 is as follows:

	<u>2020</u>	<u>2019</u>
Note payable to a bank in monthly installments of \$3,584, including interest at 5.5 percent. The note was assumed by the Organization as part of the asset purchase of Street-Level Youth Media. The Organization borrowed an additional \$108,556 on January 13, 2020. The note is collateralized by the Organization's property and matures on February 1, 2024	\$ 135,438	\$ 46,959

The balance of the above debt matures as follows:

<u>Years Ending</u>	<u>Amount</u>
2021	\$ 36,906
2022	37,399
2023	40,053
2024	<u>21,080</u>
Total	<u>\$ 135,438</u>

Interest expense for 2020 and 2019 was \$7,366 and \$16,286, respectively.

**Note 8 - Concentrations**

Approximately 14 percent and 21 percent of total revenue earned during the years ended August 31, 2020 and 2019, respectively, is from one customer, Chicago Public Schools. The receivable balance from Chicago Public Schools was \$21,263 and \$57,422 as of August 31, 2020 and 2019, respectively.

**Note 9 - Operating Leases**

In November 2017, the Organization entered into a 24-month lease with We Work, whereby it would provide the Organization with 12 months of in-kind rent. The lease began on December 1, 2017. The lease expired on December 1, 2019, and the Organization did not renew the lease.

In November 2017, the Organization extended an existing occupancy lease through August 31, 2023. Rent payments are reflected in the schedule of future payments below.

Rent expenses totaled \$92,865 and \$129,448 for the years ended August 31, 2020 and 2019, respectively.

Future minimum annual commitments under these operating leases are as follows:

2021	\$ 95,651
2022	98,521
2023	<u>101,477</u>
Total	<u>\$ 295,649</u>

August 31, 2020 and 2019

**Note 10 - Net Assets**

Net assets with donor restrictions as of August 31 are available for the following purposes:

	2020	2019
Purpose restrictions	\$ 30,000	\$ 106,435
Time restrictions	983,706	953,616
Total	\$ 1,013,706	\$ 1,060,051

Net assets in the amount \$281,318 and \$366,126 were released for program services for the years ended August 31, 2020 and 2019, respectively. Net assets in the amount of \$260,000 and \$0 were released for time purposes for the years ended August 31, 2020 and 2019, respectively.

**Note 11 - Profit-sharing Plan**

On August 20, 2007, the Organization adopted a qualified profit-sharing plan (401(k)) for all eligible employees. Employee contributions were matched by the Organization up to a maximum limit of 4 percent. The Organization contributed \$11,162 and \$28,622 for the years ended August 31, 2020 and 2019, respectively.

**Note 12 - Related Party Transactions**

The Organization received \$166,304 and \$191,585 in contributions from its board in 2020 and 2019, respectively. Amounts receivable from the board were \$9,500 and \$1,500 at August 31, 2020 and 2019, respectively.

**Note 13 - Liquidity and Availability of Resources**

The following reflects the Organization's financial assets as of August 31, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date:

	2020	2019
Cash and cash equivalents	\$ 363,095	\$ 48,480
Accounts receivable	23,728	94,140
Contributions receivable	988,417	1,002,575
Financial assets - At year end	1,375,240	1,145,195
Less those unavailable for general expenditures within one year due to contractual or donor-imposed restrictions - Restricted by donor with time or purpose restrictions	763,706	810,051
Financial assets available to meet cash needs for general expenditures within one year	\$ 611,534	\$ 335,144

The Organization is substantially supported by a mix of program revenue, restricted contributions, and general operating support. In the case of restricted support, because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, some financial assets may not be available for general expenditure within one year. 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. In the event of a liquidity need due to the timing of receivables, the Organization could draw upon \$300,000 of an available line of credit (as further discussed in Note 5).

August 31, 2020 and 2019

**Note 14 - Impact of Disease Outbreak**

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations. The Organization took advantage of the federal Paycheck Protection Program by seeking a forgivable loan of \$241,942 in April 2020. See Note 6 for more detail. The Organization actively responded to the new and evolving needs of youth, schools, and communities by adapting its programs to virtual online opportunities with residencies, performances, special projects, and any previously scheduled on-site programming. No impairments were recorded as of the statement of financial position date; however, due to significant uncertainty surrounding the situation, management's judgment regarding this could change in the future. While the Organization's changes in net assets, cash flows, and financial condition could be negatively impacted, the extent of the impact cannot be reasonably estimated at this time.