

Birmingham Bloomfield Art Center, Inc.

Financial Statements

June 30, 2020

**(With Summarized Comparative
Information for 2019)**



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FINAL DRAFT



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Independent Auditors' Report

To the Board of Directors
Birmingham Bloomfield Art Center, Inc.

We have audited the accompanying financial statements of Birmingham Bloomfield Art Center, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe 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 Birmingham Bloomfield Art Center, Inc., as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, Birmingham Bloomfield Art Center, Inc. changed its method of accounting for contributions in 2020 as required by the provisions of FASB Accounting Standards Update 2018-08 *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to that matter.

Report on Summarized Comparative Information

We have previously audited the Birmingham Bloomfield Art Center, Inc. June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 6, 2020. In our opinion, the summarized comparative information presented herein, as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Yeo & Yeo, P.C.

Ann Arbor, Michigan
January 13, 2021

FINAL DRAFT

Birmingham Bloomfield Art Center, Inc.

Statement of Financial Position

June 30, 2020

(With Summarized Comparative Information for June 30, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,865,018	\$ 1,889,920
Receivables	65,031	50,933
Donated rent receivable	56,000	56,000
Prepaid expenses and other current assets	<u>1,500</u>	<u>1,038</u>
Total current assets	1,987,549	1,997,891
Donated rent receivable - net of current portion	399,992	433,136
Equipment and leasehold improvements - net	1,821,887	1,874,872
Collections	<u>20,000</u>	<u>20,000</u>
Total assets	\$ 4,229,428	\$ 4,325,899
Liabilities and net assets		
Current liabilities		
Trade accounts payable	\$ 102,712	\$ 53,322
Accrued liabilities and other	22,020	44,867
Refundable advance - Paycheck Protection Program	94,025	-
Deferred revenue	<u>52,354</u>	<u>161,040</u>
Total current liabilities	<u>271,111</u>	<u>259,229</u>
Net assets		
Without donor restrictions		
Undesignated	3,275,569	3,381,685
Board designated	<u>75,000</u>	<u>75,000</u>
Total without donor restrictions	3,350,569	3,456,685
With donor restrictions		
Purpose restrictions	88,756	120,849
Time-restricted for future periods	468,992	489,136
Purpose and passage of time	<u>50,000</u>	<u>-</u>
Total with donor restrictions	607,748	609,985
Total net assets	<u>3,958,317</u>	<u>4,066,670</u>
Total liabilities and net assets	\$ 4,229,428	\$ 4,325,899

See Accompanying Notes to the Financial Statements

Birmingham Bloomfield Art Center, Inc.
Statement of Activities
For the Year Ended June 30, 2020
(With Summarized Comparative Information for June 30, 2019)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2020</u>	<u>2019</u>
Revenue and support				
Tuition and classroom fees	\$ 688,524	\$ -	\$ 688,524	980,531
Gallery and exhibition sales	116,320	-	116,320	151,814
Contributions and grants	216,661	69,900	286,561	359,096
In-kind donations	1,414	-	1,414	4,858
In-kind rent donations	22,860	-	22,860	18,757
Membership fees	38,921	-	38,921	54,200
Fundraising events	56,285	-	56,285	146,932
Other income	31,011	-	31,011	37,264
Total revenue and support	1,171,996	69,900	1,241,896	1,753,452
Net assets released from restriction	72,137	(72,137)	-	-
Total revenue and support and net assets released	1,244,133	(2,237)	1,241,896	1,753,452
Expenses				
Program services				
Education	885,478	-	885,478	1,023,166
Gallery and exhibition sales	244,973	-	244,973	271,195
Total program services	1,130,451	-	1,130,451	1,294,361
Support services				
Management and general	101,085	-	101,085	104,479
Fundraising	106,198	-	106,198	107,567
Membership development	12,515	-	12,515	12,071
Total support services	219,798	-	219,798	224,117
Total expenses	1,350,249	-	1,350,249	1,518,478
Change in net assets	(106,116)	(2,237)	(108,353)	234,974
Net assets - beginning of year	3,456,685	609,985	4,066,670	3,831,696
Net assets - end of year	\$ 3,350,569	\$ 607,748	\$ 3,958,317	\$ 4,066,670

See Accompanying Notes to the Financial Statements

Birmingham Bloomfield Arts Center, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2020
(With Summarized Comparative Information for June 30, 2019)

	Program Services			Support Services				2020	2019
	Education	Gallery and Exhibition Sales	Total Program Services	Management and General	Fundraising	Membership Development	Total Support Services		
Salaries and wages	\$ 236,725	\$ 57,593	\$ 294,318	\$ 56,412	\$ 57,574	\$ 4,450	\$ 118,436	\$ 412,754	\$ 418,273
Employee benefits	2,956	719	3,675	704	719	56	1,479	5,154	4,795
Payroll taxes	18,580	4,520	23,100	4,428	4,519	349	9,296	32,396	32,861
Instructor fees	276,456	-	276,456	-	-	-	-	276,456	377,651
Occupancy	52,008	26,834	78,842	1,636	2,600	805	5,041	83,883	83,202
In-kind rent expense	34,720	17,914	52,634	1,092	1,736	538	3,366	56,000	56,000
In-kind expense	2	1	3	1	1	-	2	5	2,750
Telephone	4,033	981	5,014	961	981	76	2,018	7,032	8,769
Bank charges	24,213	4,323	28,536	-	2,109	1,354	3,463	31,999	42,634
Advertising and promotion	54,528	-	54,528	9,735	4,750	3,049	17,534	72,062	76,127
Training, meetings and dues	-	-	-	1,104	-	-	1,104	1,104	3,367
Outside services	-	-	-	16,998	140	-	17,138	17,138	18,652
Model fees	10,118	-	10,118	-	-	-	-	10,118	12,728
Scholarships	5,937	-	5,937	-	-	-	-	5,937	7,343
Program activities and materials	50,974	13,517	64,491	-	-	-	-	64,491	81,588
Artists' commission and awards	-	65,467	65,467	-	-	-	-	65,467	88,722
Office supplies	10,613	2,582	13,195	2,527	2,581	199	5,307	18,502	15,210
Equipment maintenance	3,023	735	3,758	720	735	57	1,512	5,270	5,382
Information technology	7,756	1,887	9,643	1,848	1,886	146	3,880	13,523	21,899
Cost of direct benefit to donors	-	-	-	-	21,223	-	21,223	21,223	15,121
Insurance	13,576	7,005	20,581	427	679	210	1,316	21,897	19,471
Total functional expenses before depreciation	806,218	204,078	1,010,296	98,593	102,233	11,289	212,115	1,222,411	1,392,545
Depreciation	79,260	40,895	120,155	2,492	3,965	1,226	7,683	127,838	125,934
Total functional expenses	\$ 885,478	\$ 244,973	\$ 1,130,451	\$ 101,085	\$ 106,198	\$ 12,515	\$ 219,798	\$ 1,350,249	\$ 1,518,478

See Accompanying Notes to the Financial Statements

Birmingham Bloomfield Art Center, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2020
(With Summarized Comparative Information for June 30, 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ (108,353)	\$ 234,974
Items not requiring cash		
Depreciation	127,838	125,934
Change in donated rent receivable	33,144	35,135
Changes in operating assets and liabilities		
Accounts receivable	(14,098)	(2,530)
Prepaid expenses and other	(462)	(872)
Accounts payable	49,390	25,822
Accrued liabilities and other	(22,847)	(32,818)
Refundable advance - Paycheck Protection Program	94,025	-
Deferred annual dues	(108,686)	(285)
Net cash provided by operating activities	<u>49,951</u>	<u>385,360</u>
Cash flows from investing activities		
Purchase of property and equipment	(74,853)	(188,236)
Change in cash and cash equivalents	<u>(24,902)</u>	<u>197,124</u>
Cash and cash equivalents - beginning of year	<u>1,889,920</u>	<u>1,692,796</u>
Cash and cash equivalents - end of year	<u><u>\$ 1,865,018</u></u>	<u><u>\$ 1,889,920</u></u>

See Accompanying Notes to the Financial Statements

Birmingham Bloomfield Art Center, Inc.
Notes to Financial Statements
June 30, 2020
(With Summarized Comparative Information for June 30, 2019)

Note 1 – Summary Significant Accounting Policies

Nature of Organization

Birmingham Bloomfield Art Center, Inc. (the "Organization") is a nonprofit community cultural center chartered in 1957 in Birmingham, Michigan. The Organization connects people of all ages and abilities with visual arts education, exhibitions and other creative experiences.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

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

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Board designated net assets represent net assets without donor restrictions designated by the board as a reserve for working capital.

Net assets with donor restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, highly liquid investments with maturities of three months or less when purchased are considered cash equivalents and recorded at cost, which approximates fair value.

Accounts Receivable

Accounts receivable are stated at invoice amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices that remain unpaid following normal payment periods. All amounts deemed to be uncollectible are charged against the allowance for doubtful accounts in the period that determination is made. The allowance for doubtful accounts related to trade accounts receivable at June 30, 2020 and 2019 was \$ 0.

Birmingham Bloomfield Art Center, Inc.
Notes to Financial Statements
June 30, 2020
(With Summarized Comparative Information for June 30, 2019)

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions include the lines described on the statement of activities as contributions and grants.

The Organization uses the income approach to value unconditional promises to give, in the aggregate on an annual basis, under the fair value option.

Property and Equipment

The Organization follows the practice of capitalizing all expenditures for property and equipment at cost; the fair value of donated fixed assets is similarly capitalized.

Furniture and equipment are stated at cost or fair market value at the date received. Major improvements are capitalized while ordinary maintenance and repairs are expensed.

The Organization evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Depreciation is computed using the straight-line method over the estimated useful lives of the related assets.

Gifts of land, buildings, equipment and other long-lived assets are also reported as revenue without donor restrictions and net assets, unless subject to time restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restrictions are reported when the long-lived assets are placed in service.

Paycheck Protection Program (PPP)

The Organization accounts for the PPP loan as a conditional contribution under *FASB ASC 958-605 Not-for-Profit Entities: Revenue Recognition* by analogizing *FASB 958-605 Not-for-Profit Entities: Revenue Recognition* as a conditional contribution. The loan is recorded as a refundable advance until the conditions are met for revenue recognition.

Revenue and Revenue Recognition

Revenue is recognized when earned. Tuition and classroom fees are deferred to the applicable period in which the classes occur. Contributions are recognized when cash, securities or other assets, an unconditional pledge, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

In-Kind Donations

Contributed property and equipment are recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Contributed services that create or enhance nonfinancial assets or that require specialized skills are recorded at their fair values in the period received. The Organization recognized contributed goods and materials of \$0 and contributed services of \$1,414 during the year ended June 30, 2020, and \$0 of contributed goods and materials and \$2,750 of contributed services during the year ended June 30, 2019.

Birmingham Bloomfield Art Center, Inc.
Notes to Financial Statements
June 30, 2020
(With Summarized Comparative Information for June 30, 2019)

Advertising Costs

Advertising and promotion costs are expensed as incurred. The total advertising and promotion costs charged to expense for the years ending June 30, 2020 and 2019 were \$72,062 and \$76,127, respectively.

Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Those expenses include salaries and benefits, depreciation, occupancy, office expenses and information technology. Salaries and benefits, office expense, and information technology are allocated based on an estimate of where efforts are made, depreciation and occupancy are allocated based on a square footage basis.

Federal Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Service.

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 revenue, expenses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Summarized Comparative Information

The financial information presented for comparative purposes for the year ended June 30, 2019 is not intended to be a complete financial statement presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's 2019 financial statements, from which the summarized information was derived.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including January 13, 2021, which is the date the financial statements were available to be issued.

Change in Accounting Principle

The Organization adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, as of the beginning of the year ended June 30, 2020, 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 results 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 new guidance was applied on a modified prospective basis. The standard did not have a significant impact on the timing of revenue recognition for government grants and contracts or on the timing of recognition of foundation and individual grants and contributions for the Organization.

Birmingham Bloomfield Art Center, Inc.
Notes to Financial Statements
June 30, 2020
(With Summarized Comparative Information for June 30, 2019)

Upcoming Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, Revenue Recognition, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statement users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Implementation of this standard has been delayed by ASU 2020-05, and will be adopted by the Organization for the year ended June 30, 2021. Management is evaluating the impact of the revenue recognition guidance on the Organization's financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The update increases the transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing essential information about leasing transactions. Implementation of this standard has been delayed and will be adopted by the Organization for the year ended June 30, 2023.

Note 2 – Liquidity and Availability

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>June 30, 2020</u>	<u>June 30, 2019</u>
Cash and cash equivalents	\$ 1,865,018	\$ 1,889,920
Receivables	65,031	50,933
Financial assets at year end	1,930,049	1,940,853
Less those unavailable for general expenditure within one year:		
Restricted by donor with purpose and/or time restrictions	<u>(138,756)</u>	<u>(120,849)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,791,293</u>	<u>\$ 1,820,004</u>

The Organization manages its liquid resources while focusing on investing excess cash in interest bearing savings accounts that maximize earnings potential balancing the amount of risk the Organization has decided can be tolerated. The Organization also focuses on fundraising efforts to ensure the Organization has adequate contributions and grants to cover the programs that are being conducted. The Organization prepares very detailed budgets and is active in monitoring costs. As discussed in note 5, the Organization maintains a line of credit that can be used in meeting cash needs. The Organization views this as a last resort option and did not have to use the line of credit during the year ended June 30, 2020.

Birmingham Bloomfield Art Center, Inc.
Notes to Financial Statements
June 30, 2020
(With Summarized Comparative Information for June 30, 2019)

Note 3 – Equipment and Leasehold Improvements

Major classes of assets and related accumulated depreciation thereon are summarized as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>Estimate Useful Life</u>
Leasehold improvements	\$ 3,798,085	\$ 3,736,375	10-40
Machinery and equipment	202,366	189,868	10
Furniture and fixtures	303,508	302,863	3-10
Software	4,880	4,880	5
Total cost	<u>4,308,839</u>	<u>4,233,986</u>	
Accumulated depreciation	<u>2,486,952</u>	<u>2,359,114</u>	
Net property and equipment	<u>\$ 1,821,887</u>	<u>\$ 1,874,872</u>	

Note 4 – Collections

The Organization has capitalized a sculpture created by a prominent local artist valued at \$20,000. The artwork's value is based upon an independent appraisal as of the date of accession.

Note 5 – Line-of-Credit

The Organization has an unsecured line-of-credit with a bank in the amount of \$200,000. At June 30, 2020, the Organization had \$0 outstanding on the line-of-credit.

Note 6 – Refundable Advance – Paycheck Protection Program

During the fiscal year, the Organization received a conditional contribution in the form of a Paycheck Protection Program (PPP) Loan of \$94,025 funded by the Federal government through the Small Business Administration. The PPP loan and any accrued interest are forgivable after twenty-four weeks as long as the borrower meets certain criteria. The loan proceeds must be used for eligible purposes, including payroll, health insurance, retirement plans, state and local taxes assessed on employee compensation, mortgage interest, rent, and utilities. The criteria also reduces loan forgiveness for certain reductions in salaries or reductions in FTEs. The conditions also reduce loan forgiveness for certain reductions in salaries or reductions in FTEs. As such, the Organization expects to qualify for complete forgiveness of the amount received.

Note 7 – Deferred Revenue

Deferred revenue represents payments received by the Organization for services that have not yet been performed, as well as grant advances. As of June 30, 2020, tuition of \$41,261 was collected for the summer semester of classes, art camp, fund raising, and exhibits held in July and August 2020, \$8,593 was collected for gift certificates, and \$2,500 was collected for sponsorships. For the year ended June 30, 2019, tuition of \$154,107 was collected for the summer semester of classes, art camp, fund raising, and exhibits held in July and August 2019, and \$6,933 was collected for gift certificates.

Birmingham Bloomfield Art Center, Inc.
Notes to Financial Statements
June 30, 2020
(With Summarized Comparative Information for June 30, 2019)

Note 8 – Lease Commitments

The Organization occupies facilities leased from the City of Birmingham under an amended lease agreement dated November 10, 2010, expiring December 31, 2050. Under terms of the lease, annual rent is \$1, and the Organization is responsible for insurance, repairs, and maintenance. The term of the lease can be extended one year for each \$100,000 of capital improvements. The Organization has recorded donated rent receivable for the estimated net present value of the donated rent through December 31, 2050. This balance is \$455,992 at June 30, 2020.

For the years ended June 30, 2020 and 2019 the Organization recognized in-kind contribution rent revenue of \$22,860 and \$18,757, respectively and in-kind rent expense of \$56,000 for each of the years.

Note 9 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes and periods at June 30:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Subject to expenditure for specified purpose:		
Scholarships	\$ 82,156	\$ 80,735
Exhibition awards	4,000	5,000
The Kresge Foundation - COVID support	2,500	-
Memorial funds	100	350
Non-profit Finance Fund	-	23,930
Michigan Council for Arts and Cultural Affairs Grant	-	10,834
	<u>88,756</u>	<u>120,849</u>
Subject to the passage of time:		
Operations	13,000	-
Donated rent receivable	455,992	489,136
	<u>468,992</u>	<u>489,136</u>
Subject to purpose and passage of time:		
The Kresge Foundation - Detroit Arts support	50,000	-
	<u>50,000</u>	<u>-</u>
 Total net assets with donor restrictions	 <u>\$ 607,748</u>	 <u>\$ 609,985</u>

Birmingham Bloomfield Art Center, Inc.

Notes to Financial Statements

June 30, 2020

(With Summarized Comparative Information for June 30, 2019)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended June 30, 2020 and 2019:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Satisfaction of purpose restrictions		
Scholarships	\$ 2,985	\$ 740
Exhibition awards	1,250	-
Non-profit Finance Fund	23,930	-
MCACA grant	10,826	-
	<u>38,991</u>	<u>740</u>
Expiration of time restrictions		
Donated rent receivable	<u>33,146</u>	<u>35,135</u>
	<u>\$ 72,137</u>	<u>\$ 35,875</u>

Note 10 – Contributed Services

The Organization receives donated services from a variety of unpaid volunteers who make significant contributions of their time in conjunction with various programs. No amounts have been recognized in the accompanying statement of activities and changes in net assets since these services do not meet the criteria for recognition as contributed services.

Note 11 – Bequests

The Organization has been named as a beneficiary in an estate. The Organization estimates the total of the outstanding bequest to be approximately \$25,000. However, as of June 30, 2020, certain conditions, including an inventory and valuation of the estates had not been completed in order to substantiate a value and therefore, the bequest does not meet the conditions to be recognized as a receivable or revenue in the accompanying financial statements. The Organization expects these conditions to be met and to collect these amounts during the year ending June 30, 2021.

Note 12 – Concentration of Credit Risk

The Organization maintains its cash balances at financial institutions located in Michigan. At June 30, 2020 the bank balance (without recognition of outstanding checks or deposits in transit) was \$1,871,568 of which \$500,000 was covered by Federal depository insurance and \$1,371,568 was uninsured.

Birmingham Bloomfield Art Center, Inc.
Notes to Financial Statements
June 30, 2020
(With Summarized Comparative Information for June 30, 2019)

Note 13 – Charitable Endowment Fund

The Organization participates in an endowment program sponsored by the Community Foundation for Southeast Michigan (the “Community Foundation”) (an unrelated nonprofit foundation). Certain funds donated by outside donors for the benefit of the Organization are held and managed by the Community Foundation. The fair market value of these funds was \$26,798 at June 30, 2020. Earnings are available for distribution to the Organization for operations at the discretion of the Community Foundation; therefore, interest and principal balances are not reflected in the financial statements unless distributed. The Community Foundation has explicit variance power over the planned gifts in this endowment.

Note 14 – Coronavirus Pandemic

On March 11, 2020, the World Health Organization declared a pandemic due to the outbreak of a respiratory disease known as COVID-19. In addition, multiple jurisdictions in the U.S., including Michigan, have declared a state of emergency and issued shelter-in-place orders. It is anticipated that these impacts will continue for some time. In response to the pandemic and orders from the State of Michigan, the Organization had temporarily closed its facility, and began a remote work environment for employees. During this time the Organization has continued its commitment to providing the region with arts exploration through virtual camps, children’s art activity kits sent via mail, virtual exhibitions and weekly free art challenges. The Organization reopened its doors in mid-September with reduced capacity for adults and is maintaining virtual youth programs due to state restrictions. The Organization continues to monitor the situation and currently, it is not possible to estimate the extent of any potential losses. Further, the Organization has had to cancel classes and events, which has impacted revenue streams. As described in note 6, the Organization has obtained an SBA Paycheck Protection Program Loan to aid in the cash flow impact of the pandemic.