

Seagle Music Colony, Inc.
Comparative Financial Statements
December 31, 2017 and 2016

Judith L. Klingebiel CPA
128 Main Street
Greenwich, New York 12834
May 31, 2018

Judith L. Klingebiel

Independent Auditor's Report

May 31, 2018

To the Board of Directors
Seagle Music Colony, Inc.
PO Box 366
Schroon Lake, New York 12870

CERTIFIED PUBLIC ACCOUNTANT
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I have audited the accompanying financial statements of the Seagle Music Colony, Inc. (a non-profit organization) as of December 31, 2017 and 2016, which are comprised of the statements of financial position, and the related statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to 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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion the financial statements referred to above, present fairly, in all material respects, the financial position of the Seagle Music Colony, Inc. as of December 31, 2017 and 2016 and its activities, changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.


Judith L. Klingebiel

Seagle Music Colony, Inc.
 Statements of Financial Position
 As of December 31, 2017 and 2016
 (With Comparative Totals for December 31, 2016)

<u>ASSETS</u>	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED SCHOLARSHIPS</u>	<u>TOTAL 2017</u>	<u>TOTAL 2016</u>
<u>Current Assets</u>					
Cash in Glens Falls National Bank (Note 1, 2)	\$52,347	\$70,577		\$122,924	\$260,402
Glens Falls National Bank Managed Investments (Note 1,3)	439,918		\$105,000	544,918	635,891
Deposit with Adirondack Community Trust (Note 4)	37,589			37,589	33,891
Unconditional Promises to Give-Current (Note 5)	204,140			204,140	346,327
Accounts Receivable (Note 5)	15,045			15,045	6,206
Prepaid Expenses (Note 6)	7,559			7,559	10,770
Inventory (Note 7)	4,334			4,334	5,245
Total Current Assets	\$760,932	\$70,577	\$105,000	\$936,509	\$1,298,732
<u>Fixed and Other Assets (Note 8)</u>					
Unconditional Promises to Give-Long Term (Note 5)	60,938			60,938	-
Land, Buildings, and Improvements	2,043,268		93,000	2,136,268	1,588,349
Pianos	44,205			44,205	44,205
Kitchen, Office and Miscellaneous Equipment	121,437			121,437	63,389
Lighting, Seating, and Costumes	50,485			50,485	50,485
Less: Accumulated Depreciation	(591,560)			(591,560)	(547,844)
Total Fixed Assets and Other Assets	\$1,728,773	\$0	\$93,000	\$1,821,773	\$1,198,584
TOTAL ASSETS	\$2,489,705	\$70,577	\$198,000	\$2,758,282	\$2,497,316
<u>LIABILITIES AND NET ASSETS</u>					
<u>Current Liabilities</u>					
Accounts Payable	\$4,335			\$4,335	\$1,578
Accrued Interest (Note 9)	662			662	682
Sales Tax Payable	94			94	88
Mortgage Payable, Due Within One Year (Note 9)	2,784			2,784	2,624
Total Current Liabilities	\$7,875	\$0	\$0	\$7,875	\$4,972
<u>Other Liabilities</u>					
Mortgage Payable, Due After One Year (Note 9)	83,991			83,991	86,775
Total Other Liabilities	\$83,991	\$0	\$0	\$83,991	\$86,775
TOTAL LIABILITIES	\$91,866	\$0	\$0	\$91,866	\$91,747
<u>NET ASSETS (Note 1)</u>					
Unrestricted	\$2,397,839			\$2,397,839	\$2,284,269
Temporarily Restricted (Note 1,10)		\$70,577		70,577	16,300
Permanently Restricted (Note 1,3)			\$198,000	198,000	105,000
	\$2,397,839	\$70,577	\$198,000	\$2,666,416	\$2,405,569
TOTAL LIABILITIES AND NET ASSETS	\$2,489,705	\$70,577	\$198,000	\$2,758,282	\$2,497,316

Seagle Music Colony, Inc.
Statement of Activities and Net Assets
As of December 31, 2017 and 2016
(With Comparative Totals for December 31, 2016)

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>2017</u>	<u>2016</u>
<u>PUBLIC SUPPORT AND REVENUE</u>					
Contributions	\$239,921	\$295,169		\$535,090	\$276,764
Foundation and Government Grants	13,570	18,000		31,570	91,024
SMC Guild Activities	6,867	17,000		23,867	25,399
Gala					
Underwriting and Contributions	41,930			41,930	46,750
Auction	16,035			16,035	21,850
Tickets	26,775			26,775	26,425
Less: Direct Benefit to Attendees	(15,500)			(15,500)	(15,100)
Total Gala	\$69,240	-	-	\$69,240	\$95,025
Program					
Artist Tuition, Housing Fees	90,341			90,341	169,926
Ticket Sales	100,009			100,009	99,185
Tour Fees	3,600			3,600	4,049
Rental Income	3,900			3,900	2,300
Advertising	7,775			7,775	8,200
Fall Season	23,628			23,628	11,467
Total Program	\$229,253	-	-	\$229,253	\$295,127
Store Sales, net of Costs	400			400	50
Investment Income	14,351	10,906		25,257	10,792
Realized Gains/(Losses) on Investments	52,202	10,309		62,511	4,985
Unrealized Gains/(Losses) on Investments	12,820	9,866		22,686	26,103
In-Kind Donations (Note 13)	14,700		\$93,000	107,700	13,800
Net Assets Released from Restrictions	306,973	(306,973)		-	-
TOTAL PUBLIC SUPPORT AND REVENUE	\$960,297	\$54,277	\$93,000	\$1,107,574	\$823,969
<u>EXPENDITURES</u>					
Program Related	\$585,318			\$585,318	\$525,710
Administrative and General	150,410			150,410	189,840
Gala and Other Fund Raising	110,999			110,999	52,379
Tuition and Pledge Adjustments	-			-	1,088
TOTAL EXPENDITURES	\$846,727	\$0	\$0	\$846,727	\$769,017
INCREASE(DECREASE) IN NET ASSETS	\$113,570	\$54,277	\$0	\$260,847	\$54,952
NET ASSETS JANUARY 1	\$2,284,269	\$16,300	\$105,000	\$2,405,569	\$2,354,662
Adjust Prior Year Inventory				-	(4,045)
NET ASSETS, DECEMBER 31 (Note 1,4,9)	\$2,397,839	\$70,577	\$198,000	\$2,666,416	\$2,405,569

Seagle Music Colony, Inc.
Comparative Schedule of Expenditures
For Years Ended December 31, 2017 and 2016
(with comparative totals only for December 31, 2016)

<u>Program Related</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>2016</u>	<u>2015</u>
Program Related Management	\$43,908			43,908	\$43,962
Other Faculty and Staff	110,617			110,617	106,508
Payroll Taxes and Benefits	16,497			16,497	16,173
Travel, Mileage, Per Diem	10,100			10,100	10,737
Artist Housing and Meals	56,728			56,728	35,877
Artist Scholarships (Note 11)	25,000			25,000	27,650
Production Expense	76,358			76,358	76,518
Pre-Season and Summer Tour	5,722			5,722	5,243
School Outreach-Fall Season	20,492			20,492	15,115
Publicity/Website	17,827			17,827	20,014
Office, Postage, Telephone and Printing	20,132			20,132	17,668
Insurance	35,171			35,171	27,074
Guild Activities	7,934			7,934	8,496
Renaissance Campaign Expense	15,219			15,219	10,449
Professional Fees, Dues	20,584			20,584	2,597
Credit Card Fees	5,127			5,127	7,232
Depreciation (Note 7)	54,076			54,076	46,703
Fixed Facilities Operation and Maintenance	43,826			43,826	47,694
Total Program Related	\$585,318	\$0	\$0	\$585,318	\$525,710
<u>Administrative and General</u>					
Administrative Staff	\$83,400			\$83,400	\$ 81,888
Payroll Taxes and Benefits	12,779			12,779	14,478
Office, Postage, Telephone, Printing	16,106			16,106	18,286
Office Rent (Note 10)	6,300			6,300	3,600
Miscellaneous	812			812	29
Travel	8,808			8,808	5,911
Professional Fees	7,300			7,300	6,900
Filing Fees	275			275	275
Investment Management Fees	4,011			4,011	4,102
Interest Expense	5,305			5,305	5,465
Insurance-Director's and Officers	1,028			1,028	1,027
Strategic Planning	-			-	43,208
Property Taxes	3,899			3,899	4,284
Depreciation (Note 7)	387			387	387
Total Administrative and General	\$150,410	\$0	\$0	\$150,410	\$ 189,840
<u>Development Expense</u>					
Development Director	59,375			59,375	
Payroll Taxes and Benefits	12,026			12,026	
Gala Expense	25,879			25,879	
Administration, Solicitation, Stewardship	13,719			13,719	
Total Development	110,999			110,999	
TOTAL EXPENDITURES	\$846,727	\$0	\$0	\$846,727	\$715,550

Seagle Music Colony, Inc.
Comparative Statements of Cash Flows-Unrestricted and Restricted
For Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
<u>Cash Flows from Operating Activities</u>		
Increase in Net Assets	<u>\$260,847</u>	<u>\$50,907</u>
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	<u>54,463</u>	<u>47,090</u>
Unrealized (Gains)/Losses on Securities	<u>(22,686)</u>	<u>(26,103)</u>
Decrease (Increase) in Deposit with Adirondack Community Trust	<u>(3,698)</u>	<u>(480)</u>
Decrease (Increase) in Unconditional Promises to Give	<u>81,249</u>	<u>104,701</u>
Decrease(Increase) in Accounts Receivable	<u>(8,839)</u>	<u>1,309</u>
Decrease (Increase) in Prepaid Expenses	<u>3,211</u>	<u>(728)</u>
Decrease(Increase) in Inventory	<u>911</u>	<u>4,283</u>
(Decrease) Increase in Accounts Payable	<u>2,757</u>	<u>1,408</u>
(Decrease) Increase in Taxes Payable	<u>6</u>	<u>(136)</u>
(Decrease) Increase in Accrued Interest	<u>(20)</u>	<u>(11)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$368,201</u>	<u>\$182,240</u>
<u>Cash Flows from Investing Activities</u>		
Net Transfer from/(to) Managed Investments	<u>103,002</u>	<u>(117,494)</u>
Land Donation	<u>(93,000)</u>	<u></u>
Purchase of Equipment and Major Renovations	<u>(513,057)</u>	<u>(241,626)</u>
Net Cash Provided (Used) by Investing Activities	<u>(\$503,055)</u>	<u>(\$359,120)</u>
<u>Cash Flows from Financing Activities</u>		
Mortgage Payable Repayments, (Treger Property)	<u>(2,624)</u>	<u>(2,473)</u>
Net Cash Provided (Used) by Financing Activities	<u>(\$2,624)</u>	<u>(\$2,473)</u>
Net Increase (Decrease) in Cash	<u>(\$137,478)</u>	<u>(\$179,353)</u>
Cash at Beginning of Year	<u>260,402</u>	<u>439,755</u>
Cash at End of Year	<u><u>\$122,924</u></u>	<u><u>\$260,402</u></u>

See accompanying notes to financial statements

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 1. Summary of Significant Accounting Policies

Organization: The Seagle Music Colony, Inc. is an organization governed by New York State not-for-profit law and applicable federal laws. It is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code.

Business Activity: The organization was originally formed in 1915 under the name Oscar Seagle Association, Inc. for the purpose of raising money and granting scholarships to worthy students of The Seagle Colony, a summer music school located in Schroon Lake, New York. During 1997, The Oscar Seagle Association amended its charter to change the organizational purpose. The amendment was approved by the Internal Revenue Service. The name was officially changed to the Seagle Music Colony, Inc. in 2008.

The organization now operates the music camp itself, as well as raises money for scholarship grants to worthy students, and for other purposes.

Income Tax: The organization has no unrelated business income subject to income tax.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Equivalents: For purposes of the statements of cash flows, the organization considers all highly liquid investment with an initial maturity of three months or less to be cash equivalents.

Investments: Investments in marketable securities with readily determinable fair values are reported at fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met in the reporting period in which the income and gains are recognized.

Promises to Give: Contributions are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Contributions received in advance are classified as temporarily restricted. A grant received in 2016 for use during 2017 is reflected in restricted net assets at December 31, 2016.

Financial Statement Presentation: The assets, liabilities and net assets of the organization are reported as follows:

Unrestricted - Expendable funds available for general support of organization operations.

Temporarily Restricted – Funds which have been temporarily restricted for a particular purpose or to time of use by the donor.

Permanently Restricted - Funds which have been permanently restricted by the donor.

Contributed Services: Contributed volunteer services are not reflected in the statements either as contributions or as a corresponding expense because of the absence of clearly measurable criteria for recognition. Actual donated services, other than board members, were 3478 hours and 3810 hours in 2017 and 2016 with an estimated value of \$83,960 and \$91,973.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Property, Plant and Equipment: Property, plant, and equipment acquired prior to January 1, 1995 are recorded at estimated fair market value. Assets with a cost in excess of \$1,000 acquired subsequent to that date are recorded at cost, or if donated, at fair market value at the date of donation. Donated property in 2017 includes land adjacent to organization property appraised at \$93,000, and building rights valued at \$105,000. Depreciation is recorded using the straight line method over the estimated useful life of the asset.

Note 2. Cash and Equivalent

Cash and equivalent consists of the following:	2017	2016
Cash in Bank, Checking, and On Hand	\$115,308	\$ 54,910
Capital Savings Account	143	193,026
Operating Savings Account	<u>7,473</u>	<u>12,466</u>
Total	<u>\$122,924</u>	<u>\$260,402</u>
Unrestricted	\$ 87,292	\$244,102
Temporarily Restricted	<u>35,632</u>	<u>16,300</u>
Total	<u>\$122,924</u>	<u>\$260,402</u>

Deposits up to \$250,000 as of December 31, 2017 and 2016 are insured by the Federal Deposit Insurance Corporation (FDIC). Bank Statement balances in excess of \$250,000 represent a credit risk, which is the risk that a bank fails to continue as a business and cannot cover all of the deposits. The balance in the New Building Savings Capital Account was \$10,402 in excess of FDIC insurance limits as of December 31, 2016.

Note 3. Investment Accounts

The Board of Directors has designated the following investment accounts at the Glens Falls National Bank as the John and Helen Seagle Special Funds:

Darren K. Woods Scholarship Fund

	2017		2016	
	Cost	Market	Cost	Market
Cash and Equivalents	\$ 2,613	\$2,613	\$ 952	\$ 952
Fixed Income	5,389	5,389	4,942	4,918
Equities	<u>21,600</u>	<u>28,657</u>	<u>22,438</u>	<u>26,819</u>
Total	<u>\$29,602</u>	<u>\$36,659</u>	<u>\$28,332</u>	<u>\$32,689</u>

The original principal of \$25,000 is permanently restricted for scholarships. The income and fund growth are to be used to fund some or all of the tuition for young artists.

Janet & Moe Friedman Scholarship Fund

Cash and Equivalents	\$ 6,278	\$ 6,278	\$ 3,055	\$ 3,055
Fixed Income	20,621	20,533	16,579	16,443
Equities	<u>70,513</u>	<u>95,392</u>	<u>72,918</u>	<u>89,398</u>
Total	<u>\$97,412</u>	<u>\$122,203</u>	<u>\$92,552</u>	<u>\$108,896</u>

The original principal of \$80,000 is permanently restricted for scholarships. The income and fund growth are to be used to fund some or all of the tuition for young artists, one of whom shall be designated as the Janet & Moe Friedman Scholar. The donors have agreed that upon authorization

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

of 2/3 of the board of directors, 50% of the principal of this fund may be used on a temporary basis for cash flow needs of the organization. However, only one transfer can occur within a twelve month period and the draw must be repaid within nine months.

Ruth H. Pelmas Fund

Cash and Equivalents	\$ 5,702	\$ 5,702	\$ 2,760	\$ 2,760
Fixed Income	17,445	17,294	14,372	14,162
Equities	<u>63,633</u>	<u>82,317</u>	<u>65,959</u>	<u>76,871</u>
Total	<u>\$86,780</u>	<u>\$105,314</u>	<u>\$83,091</u>	<u>\$93,793</u>

The Ruth H. Pelmas bequest was not restricted, but the board has designated that only earnings may be expended.

SMC Renaissance Fund

Cash and Equivalents	\$ 21,852	\$ 21,852	\$131,653	\$131,653
Equities	<u>215,100</u>	<u>258,890</u>	<u>235,909</u>	<u>268,860</u>
Total	<u>\$236,952</u>	<u>\$280,742</u>	<u>\$367,562</u>	<u>\$400,513</u>

This fund was established to set aside unexpended funds of the renaissance project.

Total all Funds	<u>\$450,746</u>	<u>\$544,918</u>	<u>\$571,537</u>	<u>\$635,891</u>
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Note 4. Adirondack Community Trust

The organization has assets on deposit with the Adirondack Foundation (formerly the Adirondack Community Trust). The reporting of those assets is determined by *Financial Standards Board, Statement of Financial Accounting Standard No. 136, Transfer of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others*. These assets are reported as an asset on the financial statements of the Seagle Music Colony, Inc, but the legal ownership of the assets remains with the Adirondack Foundation.

The Board of Trustees of the Adirondack Foundation shall have the power to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Adirondack Foundation, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The market value of the investment in Adirondack Foundation was \$37,589 and \$33,891 as of December 31, 2017 and 2016.

Note 5: Unconditional Promises to Give

	2017	2016
<u>Pledges, Other than Campaign</u>	\$15,045	\$ 6,206

Unconditional promises to give and tuition of \$1,088 were written off as uncollectible in 2016.

Campaign Pledges

In 2011, in recognition of the one hundredth anniversary of the Seagle Music Colony, the organization embarked on a capital campaign, the goal of which is to raise \$8-\$10,000,000 for the purpose of building a new performance space, growing an endowment, and establishing operating reserves. The project has been expanded to include new faculty housing, completed in 2017, and other facility improvements. See Note 15.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Discounted projected pledge payments due are as follows:

2018	\$204,140
2019	60,938

As dictated by generally accepted accounting principles require that pledges dues after one year be discounted. The current discount rate is 2.5%. The discount on long term or past due pledges is \$1,562 and \$313 at December 31, 2017 and 2016.

No reserve for uncollectible campaign pledges has been established.

Note 6. Prepaid Expenses

Prepaid expenses at December 31, 2017 and 2016 represent deposit for future events and expenses paid in advance for auditions totaling \$7,559 and \$10,770 are properly allocable to 2018 and 2017.

Note 7. Inventory

Inventory, valued at cost, consists of compact discs of previous Vespers performances and promotional items displaying the Seagle Music Colony logo.

Note 8. Property, Plant and Equipment

As of December 31, 2017 and 2016, property, plant and equipment, at cost or estimated fair market value at the date of donation, consist of the following:

	2017	2016
Land and Buildings (Donated)	\$ 251,453	\$ 169,200
Building Rights, Adjoining Property	105,000	
Rehearsal Building	577,898	577,898
New Men's Housing	278,126	278,126
New Faculty Housing	610,323	217,844
Improvements-Women's Housing	24,542	24,542
Water Building	11,750	
Other Capital Improvements	63,732	53,582
Treger Property	160,953	160,953
Renaissance Project	47,950	47,950
Site Improvements	47,451	44,651
Shed	13,600	13,600
Pianos	44,205	44,205
Lighting	35,253	35,253
Kitchen, Office and Misc. Equipment	64,927	63,392
Theater Seating	13,232	13,232
Costumes	<u>2,000</u>	<u>2,000</u>
Total	<u>\$2,352,395</u>	<u>\$1,746,428</u>

Donated land and buildings was decreased by the accumulated depreciation of the building demolished on donated land.

Assets are depreciated using the straight line method over estimated useful life. Depreciation of \$54,463 and \$47,090 was recorded for the years ended December 31, 2017 and 2016. Accumulated depreciation was \$591,650 and \$547,844 as of December 31, 2017 and 2016.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 9. Mortgages and Loans Payable

During 2005, the organization financed the purchase of adjacent property through seller financing. The mortgage proceeds of \$110,000 are amortized over 15 years at 6%, with semi-annual payments of \$3,975 beginning May 15, 2006 and a balloon payment of \$79,404 due in 2020.

Current, due 2018 Principal	\$ 2,784
Interest	5,165

Amortization of long term portion is as follows:

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2019	\$ 2,953	\$ 4,996
2020	1,545	2,431
Balloon, due 2020	<u>79,493</u>	<u>2,385</u>
Total	<u>\$ 83,991</u>	<u>\$ 9,812</u>

Interest accrued on the private mortgage was \$662 and \$682 as of December 31, 2017 and 2016.

In April, 2018, the organization received bank financing of \$310,000 which retired the above mortgage and provided funds for the completion of the capital campaign project.

Note 10. Restrictions on Net Assets

Permanently restricted net assets are those that are donor restricted for scholarships, \$105,000, and donated land adjacent to existing organization property, \$93,000. (Note 3)

Temporarily restricted net assets consist of:

	2017	2016
Scholarships	\$22,682	\$11,250
Chairs	500	500
Tea House Roof	600	600
Composer/Librettist Fellowship	6,000	
“Falling and Rising Project”	25,000	
2018 Pianist Underwriting	3,000	
Time Restrictions	6,945	
Piano Fund	2,800	2,400
Archival	500	500
Lighting	<u>2,550</u>	<u>1,050</u>
Total	<u>\$70,577</u>	<u>\$ 16,300</u>

Note 11. Leased Facilities

The organization operates under continuation of the facilities lease which had been renewed annually since 2009. The annual payments are determined each year depending on a mutually agreed upon budget. Lease payments were \$3,899 and \$4,284 for 2017 and 2016. The lease was officially terminated when the leased property was transferred to the organization in July, 2017. See Note 11.

The organization leases office and meeting space for use during the Winter. Lease payments were \$300 per month January through March, 2017 and 2016. In April, the organization moved to a first floor space in the same building. Rent increased to \$600 per month for April through December, 2017. Total payments were \$6,300 and \$3,600 for 2017 and 2016.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

Note 12. Tuition Scholarships

The board of directors awards tuition scholarships to worthy students based on their ability to pay. Such scholarships were \$25,000 and \$27,650 for 2017 and 2016. Scholarships are funded by current year operations, and income from the scholarship endowment may also be used for this purpose. These scholarships are in addition to current contributions restricted for that purpose which were \$94,504 and \$77,850 for 2017 and 2016.

Note 13. In-Kind Donations

The organization received the following in-kind donations in 2017 and 2016:

	2017	2016
Piano Tuning Services	\$ 3,000	\$ 3,000
Land	93,000	
Professional Fees	800	800
Faculty Housing Supplies	900	-0-
Wigs	<u>10,000</u>	<u>10,000</u>
Total	<u>\$107,700</u>	<u>\$13,800</u>

The organization also received in-kind items for the silent auction of \$13,025 and \$12,085 in 2017 and 2016 which are included with gala contributions and sponsorships.

Note 14. Related Party Transactions

The only related party transactions are the purchase of tickets at published prices and contributions by officers and directors. It is not practical to determine the total amount of such transactions.

Note 15. Other Information

In connection with the campaign to recognize the 100th anniversary of the Seagle Music Colony, a conceptual agreement was reached in 2011 concerning the donation of property currently leased. A property transfer agreement was reached in 2013. Deed transfers were approved by the Adirondack Park Agency and the Town of Schroon Planning Board in December, 2016 and were signed May, 2017 and filed June, 2017. This gift was been recorded in 2017 at the appraised value of \$93,000. See Note 10.

Overall, the Renaissance Campaign has had a moving goal since inception. Of the eventual goal of \$8-10,000,000, about \$1,650,000 has been raised. See also Note 5.

The organization is beneficiary of a donor advised fund held at the United Jewish Endowment Fund of The Jewish Federation of Greater Washington. The organization is designated to receive an annual distribution of 5% of the rolling 12 quarter average of the fund's June 30 year end value. The organization received \$2,000 in both 2017 and 2016, which was designated for scholarships.

In December, 2014, the organization was notified that it had been awarded \$100,000 in Empire State Development Grant Funds. A formal incentive proposal for the grant was received and signed in February, 2015. The capital work associated with this grant began in 2016 and is ongoing. The new faculty dormitory partially financed by this grant opened prior to the 2017 season and was completed in December, 2017

Note 16. Subsequent Events

A grant in the amount of \$3,000 applied for in 2017 was received in 2018.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2017 and 2016

The "Rising and Falling" project, for which advance funding of \$25,000 was received in 2017, came to fruition with production of the world premiere in April, 2018. This project is ongoing, with plans to tour the show in Fall, 2018.

The organization has evaluated subsequent events through May 31, 2016, the date which the financial statements were available to be issued.