

Seagle Music Colony, Inc.
Comparative Financial Statements
December 31, 2018 and 2017

Judith L. Klingebiel CPA
128 Main Street
Greenwich, New York 12834
May 31, 2019

Judith L. Klingebiel

Independent Auditor's Report

May 31, 2019

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, 2018 and 2017, 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, 2018 and 2017 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, 2018 and 2017
(With Comparative Totals for December 31, 2017)

ASSETS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	TOTAL 2018	TOTAL 2017
<u>Current Assets</u>				
Cash in Glens Falls National Bank (Note 1, 2)	\$164,755	\$128,186	\$292,941	\$122,924
Glens Falls National Bank Managed Investments (Note 1,3)	486,590	237,650	724,240	544,918
Deposit with Adirondack Community Trust (Note 4)	32,962		32,962	37,589
Unconditional Promises to Give-Current (Note 5)	144,238		144,238	204,140
Accounts Receivable (Note 5)	9,950		9,950	15,045
Prepaid Expenses (Note 6)	13,230		13,230	7,559
Inventory (Note 7)	6,841		6,841	4,334
Total Current Assets	\$858,566	\$365,836	\$1,224,402	\$936,509
<u>Fixed and Other Assets (Note 8)</u>				
Unconditional Promises to Give-Long Term (Note 5)			-	60,938
Land, Buildings, and Improvements	2,156,529		2,156,529	2,136,268
Pianos	63,205		63,205	44,205
Kitchen, Office and Miscellaneous Equipment	149,310		149,310	121,437
Lighting, Seating, and Costumes	66,726		66,726	50,485
Less: Accumulated Depreciation	(669,532)		(669,532)	(591,560)
Total Fixed Assets and Other Assets	\$1,766,238	\$0	\$1,766,238	\$1,821,773
TOTAL ASSETS	\$2,624,804	\$365,836	\$2,990,640	\$2,758,282
<u>LIABILITIES AND NET ASSETS</u>				
<u>Current Liabilities</u>				
Accounts Payable	\$2,789		\$2,789	\$4,335
Accrued Interest (Note 9)	-		-	662
Sales Tax Payable	109		109	94
Mortgage Payable, Due Within One Year (Note 9)	10,335		10,335	2,784
Total Current Liabilities	\$13,233	\$0	\$13,233	\$7,875
<u>Other Liabilities</u>				
Mortgage Payable, Due After One Year (Note 9)	293,001		293,001	83,991
Total Other Liabilities	\$293,001	\$0	\$293,001	\$83,991
TOTAL LIABILITIES	\$306,234	\$0	\$306,234	\$91,866
<u>NET ASSETS (Note 1)</u>				
Without Donor Restrictions	\$2,318,570		\$2,318,570	\$2,490,839
With Donor Restrictions (Note 3, 10)		\$365,836	365,836	175,577
	\$2,318,570	\$365,836	\$2,684,406	\$2,666,416
TOTAL LIABILITIES AND NET ASSETS	\$2,624,804	\$365,836	\$2,990,640	\$2,758,282

See accompanying notes to financial statements

Seagle Music Colony, Inc.
Statement of Activities and Net Assets
As of December 31, 2018 and 2017
(With Comparative Totals for December 31, 2017)

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>2018</u>	<u>2019</u>
<u>PUBLIC SUPPORT AND REVENUE</u>				
Contributions	255,233	\$395,330	\$650,563	\$628,090
Foundation and Government Grants		41,850	41,850	31,570
SMC Guild Activities	7,644	17,000	24,644	23,867
Gala				
Underwriting and Contributions	88,295		88,295	41,930
Auction	9,000		9,000	16,035
Tickets	26,250		26,250	26,775
Less: Direct Benefit to Attendees			-	(15,500)
Total Gala	\$123,545	-	\$123,545	\$69,240
Program				
Artist Tuition, Housing Fees	88,239		88,239	90,341
Ticket Sales	87,959		87,959	100,009
Tour Fees	4,500		4,500	3,600
Rental Income	-		-	3,900
Advertising	8,860		8,860	7,775
Fall Season	30,156		30,156	23,628
Total Program	\$219,714	-	\$219,714	\$229,253
Store Sales, net of Costs	488		488	400
Special Events	3,068		3,068	
Investment Income, Net of Related Fees	17,900		17,900	21,246
Realized Gains/(Losses) on Investments	10,447		10,447	62,511
Unrealized Gains/(Losses) on Investments	(92,209)		(92,209)	22,686
In-Kind Donations (Note 14)	33,800		33,800	14,700
Net Assets Released from Restrictions	356,921	(356,921)	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	\$936,551	\$97,259	\$1,033,810	\$1,103,563
<u>EXPENDITURES</u>				
Program Related	\$665,032		\$665,032	\$585,318
Administrative and General	203,630		203,630	150,410
Gala and Other Fund Raising	145,585		145,585	110,999
Tuition and Pledge Adjustments	1,573		1,573	-
TOTAL EXPENDITURES	\$1,015,820	\$0	\$1,015,820	\$846,727
INCREASE(DECREASE) IN NET ASSETS	(\$79,269)	\$97,259	\$17,990	\$256,836
NET ASSETS JANUARY 1	\$2,397,839	\$268,577	\$2,666,416	\$2,405,569
NET ASSETS, DECEMBER 31 (Note 1,3,10)	\$2,318,570	\$365,836	\$2,684,406	\$2,662,405

Comparative Schedule of Expenditures
For Years Ended December 31, 2018 and 2017
(with comparative totals only for December 31, 2017)

Schedule B1

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>2018</u>	<u>2017</u>
<u>Program Related</u>				
Program Related Management	\$51,471		51,471	\$43,908
Other Faculty and Staff	121,923		121,923	110,617
Payroll Taxes and Benefits	23,581		23,581	16,497
Travel, Mileage, Per Diem	10,500		10,500	10,100
Artist Housing and Meals	59,377		59,377	56,728
Artist Scholarships (Note 13)	27,000		27,000	25,000
Production Expense	75,879		75,879	76,358
Pre-Season and Summer Tour	2,886		2,886	5,722
Fall Season	83,606		83,606	20,492
Publicity/Website	16,626		16,626	17,827
Office, Postage, Telephone and Printing	17,719		17,719	20,132
Insurance	27,325		27,325	35,171
Guild Activities	7,560		7,560	7,934
Special Events	3,381		3,381	
Renaissance Campaign Expense	12,838		12,838	15,219
Professional Fees, Dues	4,125		4,125	20,584
Credit Card Fees	8,049		8,049	5,127
Depreciation (Note 8)	76,979		76,979	54,076
Fixed Facilities Operation and Maintenance	34,207		34,207	43,826
Total Program Related	\$665,032	\$0	\$665,032	\$585,318
<u>Administrative and General</u>				
Administrative Staff	\$85,068		\$85,068	\$ 83,400
Payroll Taxes and Benefits	16,401		16,401	12,779
Office, Postage, Telephone, Printing	19,883		19,883	16,106
Office Rent (Note 12)	7,200		7,200	6,300
Miscellaneous	275		275	812
Travel, Mileage	10,919		10,919	8,808
Professional Fees, Dues	8,265		8,265	7,300
Filing Fees	275		275	275
Utilities	748		748	-
Interest Expense	10,108		10,108	5,305
Insurance-Director's and Officers	1,028		1,028	1,028
Strategic Planning	40,000		40,000	-
Rent, Property Taxes	2,467		2,467	3,899
Depreciation (Note 8)	993		993	387
Total Administrative and General	\$203,630	\$0	\$203,630	\$ 146,399
<u>Development</u>				
Development Director	76,500		76,500	59,375
Payroll Taxes and Benefits	15,114		15,114	12,026
Gala Expense	43,314		43,314	25,879
Administration, Solicitation, Stewardship	10,657		10,657	13,719
Total Development	145,585		145,585	110,999
TOTAL EXPENDITURES	\$1,014,247	\$0	\$1,014,247	\$842,716

Seagle Music Colony, Inc.
Comparative Statements of Cash Flows-Unrestricted and Restricted
For Years Ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<u>Cash Flows from Operating Activities</u>		
Increase in Net Assets	<u>\$17,990</u>	<u>\$260,847</u>
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	<u>77,972</u>	<u>54,463</u>
Unrealized (Gains)/Losses on Securities	<u>92,427</u>	<u>(22,686)</u>
Decrease (Increase) in Deposit with Adirondack Community Trust	<u>4,627</u>	<u>(3,698)</u>
Decrease (Increase) in Unconditional Promises to Give	<u>120,840</u>	<u>81,249</u>
Decrease(Increase) in Accounts Receivable	<u>5,095</u>	<u>(8,839)</u>
Decrease (Increase) in Prepaid Expenses	<u>(5,671)</u>	<u>3,211</u>
Decrease(Increase) in Inventory	<u>(2,507)</u>	<u>911</u>
(Decrease) Increase in Accounts Payable	<u>(1,546)</u>	<u>2,757</u>
(Decrease) Increase in Taxes Payable	<u>15</u>	<u>6</u>
(Decrease) Increase in Accrued Interest	<u>662</u>	<u>(20)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$309,904</u>	<u>\$368,201</u>
<u>Cash Flows from Investing Activities</u>		
Net Transfer from/(to) Managed Investments	<u>(273,070)</u>	<u>103,002</u>
Land Donation	<u>-</u>	<u>(93,000)</u>
Purchase of Equipment and Major Renovations	<u>(83,378)</u>	<u>(513,057)</u>
Net Cash Provided (Used) by Investing Activities	<u>(\$356,448)</u>	<u>(\$503,055)</u>
<u>Cash Flows from Financing Activities</u>		
Mortgage Payable Repayments, (Treger Property)	<u>(86,775)</u>	<u>2,624</u>
Bank Mortgage Financing Obtained	<u>310,000</u>	<u>-</u>
Bank Mortgage Financing Retired	<u>(\$6,664)</u>	<u>-</u>
Net Cash Provided (Used) by Financing Activities	<u>\$216,561</u>	<u>\$2,624</u>
Net Increase (Decrease) in Cash	<u>\$170,017</u>	<u>(\$137,478)</u>
Cash at Beginning of Year	<u>122,924</u>	<u>260,402</u>
Cash at End of Year	<u>\$292,941</u>	<u>\$122,924</u>

See accompanying notes to financial statements

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

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 net assets without donor restrictions if the restrictions are met in the reporting period in which the income and gains are recognized. At December 31, 2018 and 2017 all investments were considered Level 1 investments since fair values were obtained from quoted market prices for identical assets in active markets.

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 with donor restrictions or without donor restrictions support depending on the existence and or nature of any donor restrictions. Contributions received for a subsequent period are classified as with donor restrictions subject to the passage of time. A grant received in 2017 for use during 2018 is reflected in restricted net assets at December 31, 2017.

Financial Statement Presentation: The assets, liabilities and net assets of the organization are reported as follows: See Note 10.

Net Assets Without Donor Restrictions - Expendable funds available for general support of organization operations.

Net Assets With Donor Restrictions – Funds available only for the purpose or period specified 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 4,562 hours and 3,478 hours in 2018 and 2017 with an estimated value of \$116,010 and \$83,690.

Seagle Music Colony, Inc.
Notes to Financial Statements
December 31, 2018 and 2017

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:	2018	2017
Cash in Bank, Checking, and On Hand Savings Account	\$149,866	\$115,308
Savings Account	130,596	143
Operating Savings Account	<u>12,479</u>	<u>7,473</u>
Total	<u>\$292,941</u>	<u>\$122,924</u>
Without donor restrictions	\$114,755	\$ 87,292
With donor restrictions	128,186	35,632
With board designations	<u>50,000</u>	<u>-0-</u>
Total	<u>\$292,941</u>	<u>\$122,924</u>

Deposits up to \$250,000 as of December 31, 2018 and 2017 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 balances in organization accounts temporarily exceed FDIC limits by \$42,941 at December 31, 2018.

Note 3. Investment Accounts

With Donor Restrictions:

Darren K. Woods Scholarship Fund

	2018		2017	
	Cost	Fair Value	Cost	Fair Value
Cash and Equivalents	\$ 2,218	\$2,218	\$ 2,613	\$ 2,613
Fixed Income	4,405	4,277	5,389	5,389
Equities	<u>22,821</u>	<u>26,059</u>	<u>21,600</u>	<u>28,657</u>
Total	<u>\$29,444</u>	<u>\$ 32,554</u>	<u>\$29,602</u>	<u>\$36,659</u>

The original principal of \$25,000 is donor restricted for scholarships. The income and fund growth are to be used to fund some or all of the tuition for young artists. Transfers of \$1,750 and \$1,690 were made in 2018 and 2017. See Note 10.

Janet & Moe Friedman Scholarship Fund

Cash and Equivalents	\$ 4,533	\$ 4,533	\$ 6,278	\$ 6,278
Fixed Income	14,980	14,480	20,621	20,533
Equities	<u>78,121</u>	<u>89,449</u>	<u>70,513</u>	<u>95,392</u>
Total	<u>\$97,634</u>	<u>\$108,462</u>	<u>\$97,412</u>	<u>\$122,203</u>

Seagle Music Colony, Inc.
Notes to Financial Statements
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The original principal of \$80,000 is donor 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. Transfers of \$5,850 and \$5,650 were made in 2018 and 2017.

The donors have agreed that upon authorization 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. No such transfers occurred in 2018 or 2017. See Note 10.

Jim & Eileen Carnahan Endowment Fund

Cash and Equivalents	\$ 5,229	\$ 5,229
Fixed Income	12,600	12,483
Equities	<u>86,439</u>	<u>78,922</u>
Total Carnahan Endowment Fund	<u>\$104,268</u>	<u>\$ 96,634</u>

This endowment fund was established in December, 2018. Fair value of the assets of this fund have fallen below the level of the original gifts due to unfavorable market fluctuations shortly after donor contributions.

Distributions from the fund may be made only for charitable or educational purposes. Distributions may not be made from original gifts. No distributions were made in 2018. See Note 11.

Total Investments with Donor Restrictions	\$231,346	\$237,650	\$127,014	\$158,862
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Investments with Board Designations:

Ruth H. Pelmas Fund

Cash and Equivalents	\$ 7,097	\$ 7,097	\$ 5,702	\$ 5,702
Fixed Income	12,656	12,183	17,445	17,294
Equities	<u>67,134</u>	<u>74,354</u>	<u>63,633</u>	<u>82,318</u>
Total Ruth H. Pelmas Fund	<u>\$86,887</u>	<u>\$ 93,634</u>	<u>\$86,780</u>	<u>\$105,314</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	\$ 18,248	\$ 18,248	\$ 21,852	\$ 21,852
Equities	<u>385,403</u>	<u>374,708</u>	<u>215,100</u>	<u>258,890</u>
Total SMC Renaissance Fund	<u>\$403,651</u>	<u>\$392,956</u>	<u>\$236,952</u>	<u>\$280,742</u>

Additional donations to the Renaissance Project in the amount of \$150,000 were added to the fund in 2018. This fund was established by the board to set aside unexpended funds of the renaissance project.

Total with Board Designations:	\$490,538	\$486,590	\$323,732	\$386,056
Total all Investments	<u>\$721,884</u>	<u>\$724,240</u>	<u>\$450,746</u>	<u>\$544,918</u>

Seagle Music Colony, Inc.
Notes to Financial Statements
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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 \$32,962 and \$37,589 as of December 31, 2018 and 2017.

Note 5. Unconditional Promises to Give

	2018	2017
<u>Pledges, Other than Campaign</u>	\$ 9,950	\$ 15,045

Campaign Pledges

In 2011, in recognition of the one hundredth anniversary of the Seagle Music Colony, the organization embarked on a capital campaign, the current 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 16.

Discounted projected pledge payments are due in 2018 in the amount of \$144,238.

Generally accepted accounting principles require that pledges dues after one year be discounted. The current discount rate is 2.5%. The discount on past due pledges is \$1,562 and \$1,562 at December 31, 2018 and 2017.

No reserve for uncollectible campaign pledges has been established.

Note 6. Prepaid Expenses

Prepaid expenses at December 31, 2018 and 2017 represent deposit for future events and expenses paid in advance for auditions totaling \$13,230 and \$7,559 are properly allocable to 2019 and 2018.

Note 7. Inventory

Inventory, valued at cost, consists of audio of previous Vespers performances and promotional items displaying the Seagle Music Colony logo. Balance at December 31, 2018 and 2017 is \$6,841 and \$4,434.

Note 8. Property, Plant and Equipment

As of December 31, 2018 and 2017, property, plant and equipment, at cost or estimated fair market value at the date of donation, consist of the following:

	2018	2017
Land and Buildings (Donated)	\$ 251,453	\$ 251,453
Land, Purchased	160,953	160,953

Seagle Music Colony, Inc.
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Building Rights, Adjoining Property	105,000	105,000
Rehearsal Building	577,898	577,898
New Men's Housing	278,126	278,126
New Faculty Housing	610,323	610,323
Improvements-Women's Housing	38,274	24,542
Water Building	28,316	11,750
Other Capital Improvements	63,732	63,732
Renaissance Project	47,950	47,950
Site Improvements	47,451	47,451
Shed	13,600	13,600
Pianos	63,205	44,205
Lighting	51,497	35,253
Kitchen, Office and Misc. Equipment	82,760	64,927
Theater Seating	13,232	13,232
Costumes	<u>2,000</u>	<u>2,000</u>
Total	<u>\$2,435,770</u>	<u>\$2,352,395</u>

Donated land and buildings was decreased by the accumulated depreciation of the building demolished on donated land and increased by the in-kind donation of adjoining land.

Assets are depreciated using the straight line method over estimated useful life. Depreciation of \$77,972 and \$54,463 was recorded for the years ended December 31, 2018 and 2017. Accumulated depreciation was \$669,532 and \$591,560 as of December 31, 2018 and 2017.

Note 9. Mortgages and Loans Payable

During 2005, the organization financed the purchase of adjacent property through seller financing. In April, 2018 the organization obtained bank financing of \$310,000 at 4.25% in order to retire the previous seller-financed mortgage, the balance of which was \$86,775 at December 31, 2017.

Bank financing, Current, due 2019 Principal	\$10,335
Interest	12,692

Amortization of long term portion is as follows:

<u>Due</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 10,792	\$12,244
2021	11,259	11,776
2022	11,747	11,288
2023	12,256	10,779
2024	12,788	10,248
Beyond	<u>234,159</u>	<u>81,683</u>
Total	<u>\$293,001</u>	<u>\$138,018</u>

Interest accrued on the private mortgage was \$662 at December 31, 2017.

Note 10. Net Assets with Donor Restrictions

Subject to expenditure for specific purpose:

	2018	2017
Scholarships	\$ -0-	\$22,682
Alumni Scholarships	1,550	-0-
Chairs	500	500
Tea House Roof	-0-	600

Seagle Music Colony, Inc.
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December 31, 2018 and 2017

Composer/Librettist Fellowship	6,000	6,000
"Falling and Rising Project"	-0-	25,000
2018 Pianist Underwriting	-0-	3,000
Time Restrictions	-0-	6,945
Piano Fund	2,800	2,800
Archival	500	500
Lighting	<u>1,836</u>	<u>2,550</u>
Total	<u>\$ 13,186</u>	<u>\$ 70,577</u>

Subject to the passage of time:

For periods after December 31	\$ 5,000	\$ 6,945
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Subject to appropriation and expenditure for when specified event occurs:

The Darren K. Woods Scholarship Fund, the original principal of \$25,000, is donor restricted for scholarships. The income and fund growth are to be used to fund some or all of the tuition for young artists. See Note 3.

The Janet & Moe Friedman Scholarship Fund, the original principal of \$80,000, is donor 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 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. See Note 3.

The Jim & Eileen Carnahan Endowment Fund was established in 2018. Distributions from the fund may be made for charitable or educational purposes from the total income of the fund. Distributions may not be made from the original gifts. See Note 3.

The Erica & John Foster Memorial Fund, also an endowment, was established late in 2018. Distributions from the fund may be made for charitable or educational purposes from the total income of the fund. Distributions may not be made from the original gifts. Each year distributions shall first be made to fund the Erica & John Foster Scholar. At December 31, 2018 the assets of the fund were held in a savings account. An investment account was established in 2019.

Total fair value subject to appropriation and expenditure for when specified event occurs:

Darren K. Woods Scholarship Fund	\$ 32,554	
Janet & Moe Friedman Scholarship Fund	108,462	
Jim & Eileen Carnahan Endowment Fund	<u>96,634</u>	
Total	<u>\$237,650</u>	See Note 3.

Note 11. Governing Board Designations (Fair Value)

	2018	2017
SMC Renaissance Fund	\$392,956	\$280,742
2018 bequest board designated for future purposes	50,000	-0-
Ruth H. Pelmas Fund	<u>93,634</u>	<u>105,314</u>
Total Board Designations	<u>\$536,590</u>	<u>\$386,056</u>

Note 12. Leased Facilities

The organization operated under continuation of the facilities lease which had been renewed annually since 2009. The annual payments were determined each year depending on a mutually agreed upon

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budget. Lease payments were \$3,899 for 2017. The lease was officially terminated when the leased property was transferred to the organization in July, 2017. See Note 16.

The organization leases office and meeting space for use during the Winter. In April, 2017, the organization moved to a first floor space in the same building. Rent increased from \$300 to \$600 per month for April through December, 2017 and all of 2018. Total payments were \$7,200 and \$6,300 for 2018 and 2017.

Note 13. Tuition Scholarships

The board of directors awards tuition scholarships to worthy students based on their ability to pay. Such scholarships were \$27,000 and \$25,000 for 2018 and 2017. 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 \$82,700 and \$94,504 for 2018 and 2017.

Note 14. In-Kind Donations

The organization received the following in-kind donations in 2018 and 2017:

	2018	2017
Piano Tuning Services	\$ 3,000	\$ 3,000
Land, Permanently Restricted	-0-	93,000
Professional Fees	800	800
Grand Piano	19,000	
Program Expense	1,000	900
Wigs	<u>10,000</u>	<u>10,000</u>
Total	<u>\$ 33,800</u>	<u>\$107,700</u>

The organization also received in-kind auction or raffle items of \$7,909 and \$13,025 in 2018 and 2017 which are not included with gala contributions and sponsorships.

Note 15. 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 16. 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 leased at that time. 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, 2017 and were signed May, 2017 and filed June, 2017. This gift was recorded in 2017 at the appraised value of \$93,000. See Note 14.

Overall, the Renaissance Campaign has had a moving goal since inception. Of the eventual goal of \$8-10,000,000, about \$1,558,000 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 2018 and 2017, which was designated for scholarships.

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Note 17. Subsequent Events

In April, 2019, the organization received word that they would receive a \$10,000 grant toward a 2019 project.

In December, 2018 the organization received partial disbursement of a bequest, the final amount of which is unknown.

The organization has evaluated subsequent events through May 31, 2019, the date which the financial statements were available to be issued.