



**SOUTH CAROLINA DEPARTMENT OF PARKS, RECREATION
&
TOURISM**

PROCUREMENT CERTIFICATION FORM

GRANTEE NAME: Gibbes Museum of Art

PROJECT NAME: Art Charleston and Diversification of
Acquisitions

I hereby certify that all labor, materials and contracts
acquired or performed in the accomplishment of the above
named project will be accomplished in accordance with the
named entity's established procurement guidelines. Any
questions, concerns or grievances should be directed to this
agency.

Angela D. Mack Angela D. Mack
PRINTED NAME

Executive Director
TITLE

[Signature]
SIGNATURE

October 30, 2023
DATE



**Statement of Non-Discrimination
By Organizations Funded in the
South Carolina General Appropriations Act**

To meet requirements of a provision of the South Carolina General Appropriations Act regarding your funding, please fill in the blanks below, sign and return to PRT with your other credentials. If desired, you may retype the statement on your own letterhead.

Statement of Non-Discrimination

_____October 30, 2023_____

Date

Assurance is hereby given by the

Gibbes Museum of Art _____
(Name of Organization)

that no person shall, upon the grounds of race, creed, color or national origin be excluded from

participation in, be denied the benefit of or be otherwise subjected to discrimination under any

program or activity for which this organization is responsible.

Signature _____

Title ____President and CEO _____



State of South Carolina Request for Contribution Distribution

This form is designed to collect the information required by South Carolina in accordance with Proviso 117.21 of the appropriations act and Executive Order 2022-19. This form must be submitted to the state agency that is providing the contribution for the designated organization. The state agency providing the contribution should use this form to collect information from the designated organization. The information must be collected from the designated organization before the funds can be disbursed.

Contribution Information		
Amount	State Agency Providing the Contribution	Purpose
\$500,000.00	P280 - Department of Parks, Recreation, and Tourism	Art Charleston and Acquisition Diversification

Organization Information	
Entity Name	Gibbes Museum of Art
Address	135 Meeting Street
City/State/Zip	Charleston, SC 29401
Website	www.gibbesmuseum.org
SCEIS Vendor #	7000011280
Entity Type	Nonprofit Organization

Organization Contact Information	
Contact Name	Angela D. Mack
Position/Title	President and CEO
Telephone	843-722-2706 X231
Email	admack@gibbesmuseum.org

Plan/Accounting of how these funds will be spent:		
Description	Budget	Explanation
Art Charleston Exhibitions	\$50,000.00	Artwork Transportation, Installation, Signage, and Curatorial Staff
Art Charleston Marketing/Outreach	\$50,000.00	Graphic Design and Public Relation Services, Advertising, Print Collateral, and Outreach Initiatives
Art Charleston Educational Programs/Experiences	\$10,000.00	Program Supplies, Equipment Rentals, Professional Services, and Education/Program Staff
Artwork Acquisitions	\$390,000.00	Acquiring works of art to diversify the museum's permanent collection
Grand Total		\$500,000.00

Please explain how these funds will be used to provide a public benefit:

U.S. Museums generate more than \$12 billion per year to federal, state, and local governments. Over the past two years, the Gibbes Museum of Art has presented its weeklong, annual visual arts festival, Art Charleston. With a 5-day focus on the visual arts through signature events, unique experiences, artist lectures, gallery walks, professional workshops, and exhibition tours led by experts, visitors came to Charleston and further supported the tourism economy through hotel stays, visits to restaurants, and support of retail and galleries related to the arts. Art Charleston has successfully provided more than \$500K in support of local vendors and businesses. Similar to other local festivals in this region, Art Charleston enhances the cultural landscape through immersion in the visual arts and highlights the Gibbes as a place where strong and diverse human stories are told through the arts. A portion of the funding will also be used to acquire artwork and objects that diversify the permanent collection of the Gibbes to include BIPOC (Black, Indigenous, and Persons of Color) from the 18th century to the present. We unlock diversity's power and beauty by intentionally fostering an inclusive, accessible museum fashioned upon a foundation of equity.

Organization Certifications

1) Organization hereby gives assurance that no person shall, upon the grounds of race, creed, color, or national origin, be excluded from participation in, be denied the benefit of, or be

- otherwise subjected to discrimination under any program or activity for which this organization is responsible.
- 2) Organization certifies that it will provide quarterly spending reports to the Agency Providing Contribution listed above.
 - 3) Organization certifies that it will provide an accounting at the end of the fiscal year to the Agency Providing Contribution listed above.
 - 4) Organization certifies that it will allow the State Auditor to audit or cause to be audited the contributed funds.


Organization Signature

President and CEO
Title

Angela D. Mack
Printed Name

30-Oct-23
Date

Certifications of State Agency Providing Contribution

- 1) State Agency certifies that the planned expenditure aligns with the Agency's mission and/or the purpose specified in the appropriations act.
- 2) State Agency certifies that the Organization has set forth a public purpose to be served through receipt of the expenditure.
- 3) State Agency certifies that it will make distributions directly to the organization.
- 4) State Agency certifies that it will provide the quarterly spending reports and accounting received from the organization to the Senate Finance Committee, House Ways and Means Committee, and the Executive Budget Office by June 30, 2024.
- 5) State Agency certifies that it will publish on their website any and all reports, accountings, forms, updates, communications, or other materials required by Proviso 117.21 of the appropriations act.
- 6) State Agency will certify to the Office of the Governor that it has complied with the requirements of Executive Order 2022-19 by June 30, 2024.

Agency Head Signature

Date

Printed Name

Basic Information for Your Organization

Your Organization	
Name	Gibbes Museum of Art
Address (Street or PO Box)	135 Meeting Street
Address (City, State, Zip)	Charleston, SC 29401
SCEIS Vendor Number (Determines remittance)	7000011280
Organization website address	www.gibbesmuseum.org
Organization type (nonprofit, local government, etc.)	nonprofit

Organization Contact	
Name	Angela D. Mack
Position	President and CEO
Telephone	843-722-2706 X231
Email	admack@gibbesmuseum.org

State Contribution	
Amount	\$500,000
Earmark Name	Gibbes Museum of Art
Project Summary	Art Charleston and Acquisition Diversification
State Agency Providing Contribution	South Carolina Parks, Recreation and Tourism

Person Completing this Report	
Name	Jennifer Ross
Position	Chief Advancement Officer

Governing Board and Executive Officer - Nonprofit Organizations Only

For nonprofit organizations only, provide below the names of the individuals who serve on your organization's governing board and, if applicable, their board position. Please also provide the name and title of your organization's executive officer.

Members of Your Organization's Governing Board		
Name	Board Position, if applicable	
Spencer Lynch	Board President	
Laura Cantopher	Board Member/Education Committee	
Jack Hoey	Board Member/Finance Committee	
Mindy Hong	Board Member/DEAI Committee	
Deborah Kennedy Kennard	Board Member/Nominating and Governance Committee	
Ben Lenhardt	Board Member/Buildings and Grounds Committee	
Mark Maresca	Board Member/Buildings and Grounds Committee	
Helen Pratt-Thomas	Board Member/Past Board Chair	
Betsy Saal	Board Member/External Affairs Committee Chair	
Anne Tinker	Board Member/Collections Committee Chair	
Andrea Woodfield	Board Member/Art Charleston and External Affairs Committee	

Your Organization's Executive Officer	
Name	Title
Angela D. Mack	President and CEO

Accounting of how the funds will be spent

Provide below an accounting of how the state funds will be spent*. Total expenditures should equal the total appropriation received. Expenditure descriptions similar to those used in your organization's accounting records should be used to maximize comparability of this budget to your organization's accounting of actual expenditures. For any category exceeding 10% of the total state contribution, provide additional details or subcategories of expenditures.

* Per Proviso 11-9-110, a contribution must not be made to an organization until it agrees in writing to allow the contribution to be audited by the State Auditor.

Description	Budget
Art Charleston Exhibition Costs (Rory McEwen Exhibit; Reynier Llanes Exhibit: Artwork Transportation, Installation, Signage, Curatorial Staff)	\$ 50,000.00
Art Charleston Marketing/Outreach (Graphic Design and Public Relation Services, Advertising, Print Collateral, and Outreach Initiatives)	\$ 50,000.00
Art Charleston Educational Programs/Experiences (Program Supplies, Equipment Rentals, Professional Services, and Education/Program Staff)	\$ 10,000.00
Artwork Acquisitions (Acquiring works of art to diversify the museum's permanent collection)	\$ 390,000.00
Grand Total	\$ 500,000.00

Success Measures

List the success measures that will determine the effectiveness of the use of the state funds to be received. Success measures should be stated in a way that can be measured. At least one success measure is required, but if there are more success measures than lines provided, copy and paste the last line as needed to expand the list.

Measure	Description
1	Diversifying the Gibbes Permanent Collection through artwork and acquisitions.
2	Continuing to grow the visual arts festival, Art Charleston, regionally and nationally to enhance the cultural landscape and further the tourism economy.
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Goals accomplished

List the goals to be accomplished with the state funds to be received. Goals should be stated in a way that can be measured. At least one goal is required, but if there are more goals than lines provided, copy and paste the last line as needed to expand the list.

Goal	Description
1	Utilize funds to enhance marketing and promote Art Charleston in driveable markets such as Atlanta, Savannah, Jacksonville, Charlotte, Raleigh, Columbia, and Greenville.
2	Further accessibility to the Gibbes through additional education opportunities and exhibition programming during Art Charleston.
3	Support visual artists within the region through participation in the Artisan Fair as part of Art Charleston.
4	Through the Gibbes DEAI Plan, we are intentionally working towards fostering an inclusive, accessible museum fashioned upon a foundation of equity. Our goal will be to utilize funds to acquire objects in our Permanent Collection that further BIPOC (Black, Indigenous, People of Color) artists from the 18th century to the present.
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14	
15	

If additional lines are needed, copy and paste Goal 15.



State of South Carolina
Office of the Secretary of State
The Honorable Mark Hammond

12/6/2022

Carolina Art Association
Angela Mack
135 MEETING ST
CHARLESTON, SC29401-2217

RE: Registration Confirmation

Charity Public ID: P2327

Dear Angela Mack :

This letter confirms that the Secretary of State's Office has received and accepted your Registration, therefore, your charitable organization is in compliance with the registration requirement of the "South Carolina Solicitation of Charitable Funds Act." The registration of your charitable organization will expire on 11/15/2023.

If any of the information on your Registration form changes throughout the course of the year, please contact our office to make updates. It is important that this information remain updated so that our office can keep you informed of any changes that may affect your charitable organization.

If you have not yet filed your annual financial report or an extension for the annual financial report, the annual financial report is still due 4½ months after the close of your fiscal year.

- Annual financial reports must either be submitted on the Internal Revenue Service Form 990 or 990-EZ or the Secretary of State's Annual Financial Report Form.
- If you wish to extend the filing of that form with us, please submit a written request by email or fax to our office using the contact information below. Failure to submit the annual financial report may result in an administrative fine of up to \$2,000.00.

If you have any questions or concerns, please visit our website at www.sos.sc.gov or contact our office using the contact information below.

Sincerely,

Kimberly S. Wickersham
Director, Division of Public Charities

FY 24 Operating



Line			Line
1	Revenues	FY 24 Budget	1
2	Direct Private Support	\$ 373,000	2
3	Gov. Appropriations/Grants	\$ 426,500	3
4	Vibrant Visions Current Year Gov. Approp	\$ 140,000	4
5	Corp/Foundation Grants/Contributions	\$ 489,550	5
6	Contributions Auxiliary/Support Groups (net) (Soc. 1858)	\$ 40,000	6
7	Memberships, Individuals & Families	\$ 150,000	7
8	Auxiliary Dues (WC & Soc. 1858)	\$ 20,000	8
9	Memberships, Fellows	\$ 325,000	9
10	Memberships, Businesses	\$ 20,000	10
11	Art Charleston	\$ 555,000	11
12	Total Contributions and Support	\$ 2,539,050	12
13			13
14	Educational Programs	\$ 117,010	14
15	Admissions	\$ 281,000	15
16	Museum Store	\$ 110,000	16
17	Facility Rentals	\$ 550,000	17
18	Other Earned Revenue	\$ 39,727	18
19	Total Programs and Earned Revenues	\$ 1,097,737	19
20			20
21	Transfer from Endowment	\$ 193,623	21
22	Total Operating Transfers- In	\$ 193,623	22
23			23
24	Total Revenues	\$ 3,830,410	24
25			25
26	Expenses	FY 24 Budget	26
27	Salaries and Benefits	\$ 1,769,019	27
28	Finance/Insurance Expense	\$ 76,838	28
29	Debt Service/Interest Expense	\$ 19,500	29
30	Contracted Services	\$ 1,110,280	30
31	Museum Store Cost of Goods Sold	\$ 55,500	31
32	Facilities & Equipment	\$ 326,408	32
33	Office and Parking	\$ 115,049	33
34	Supplies & Materials	\$ 274,565	34
35	Other	\$ 83,250	35
36			36
37	Total Expenses	\$ 3,830,410	37
38	Profit / (Loss)	\$ -	38

CAROLINA ART ASSOCIATION
CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

CAROLINA ART ASSOCIATION
Charleston, South Carolina

June 30, 2022 and 2021

C O N T E N T S

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Independent Auditor's Report

The Board of Directors
Carolina Art Association
Charleston, South Carolina

Opinion

We have audited the accompanying consolidated financial statements of **Carolina Art Association** (the Association) which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related consolidated notes to the financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Association as of June 30, 2022 and 2021, and the changes in its consolidated net assets, and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



Charleston, South Carolina
December 12, 2022

CAROLINA ART ASSOCIATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 1,516,876	\$ 983,739
Grant and other receivables	48,574	2,630
Promises to give, current portion, net	25,836	103,937
Inventories	73,335	87,102
Prepaid expenses	68,821	75,198
Total current assets	<u>1,733,442</u>	<u>1,252,606</u>
Non-Current Assets		
Investments	1,949,749	2,320,858
Promises to give, net	1,935	123,922
Property and equipment, net	12,712,632	12,951,777
Total non-current assets	<u>14,664,316</u>	<u>15,396,557</u>
TOTAL ASSETS	<u><u>\$ 16,397,758</u></u>	<u><u>\$ 16,649,163</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 61,961	\$ 89,141
Deposits held	30,000	22,550
Accrued expenses	48,217	32,738
Deferred revenue	775,824	505,654
Notes payable, current portion	7,798	79,757
Total current liabilities	<u>923,800</u>	<u>729,840</u>
Non-Current Liabilities		
Notes payable, noncurrent portion	693,786	446,125
Total liabilities	<u>1,617,586</u>	<u>1,175,965</u>
Net Assets		
Without donor restrictions:		
Controlling interest		
Undesignated	11,601,945	12,206,546
Board designated	470,129	614,826
	<u>12,072,074</u>	<u>12,821,372</u>
Non-controlling interest	842,403	825,575
Total without donor restrictions	<u>12,914,477</u>	<u>13,646,947</u>
With donor restrictions	1,865,695	1,826,251
Total net assets	<u>14,780,172</u>	<u>15,473,198</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 16,397,758</u></u>	<u><u>\$ 16,649,163</u></u>

See Notes to Consolidated financial statements.

CAROLINA ART ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenues, gains, and other support			
Contributions	\$ 504,077	\$ 295,032	\$ 799,109
Government grants	806,000	-	806,000
Memberships	512,470	-	512,470
Interest and dividends, net	41,459		41,459
Net realized/unrealized losses on investments	(139,196)	(219,976)	(359,172)
Museum shop sales	176,162	-	176,162
Education programs, events, and admissions	449,918	-	449,918
Rental income, loan, and licensing fees	398,064	-	398,064
Special event income	585,289	-	585,289
In-kind revenue	53,042	-	53,042
Other income	31,066	-	31,066
	<u>3,418,351</u>	<u>75,056</u>	<u>3,493,407</u>
Net assets released from restrictions	35,612	(35,612)	-
Total revenues, gains, and other support	<u>3,453,963</u>	<u>39,444</u>	<u>3,493,407</u>
Expenses			
Program services:			
Curatorial	711,064	-	711,064
Public programs	1,473,073	-	1,473,073
Visitors services and gift shop	422,984	-	422,984
Total program services	<u>2,607,121</u>	<u>-</u>	<u>2,607,121</u>
Supporting services:			
General and administrative	705,383	-	705,383
Fundraising	696,929	-	696,929
Total supporting services	<u>1,402,312</u>	<u>-</u>	<u>1,402,312</u>
Total expenses	<u>4,009,433</u>	<u>-</u>	<u>4,009,433</u>
Change in net assets before changes related to collection items not capitalized	<u>(555,470)</u>	<u>39,444</u>	<u>(516,026)</u>
Changes related to collection items not capitalized			
Collection items purchased	(177,000)	-	(177,000)
Change in net assets	<u>(732,470)</u>	<u>39,444</u>	<u>(693,026)</u>
Net assets, beginning of year	<u>13,646,947</u>	<u>1,826,251</u>	<u>15,473,198</u>
Net assets, end of year	<u><u>\$ 12,914,477</u></u>	<u><u>\$ 1,865,695</u></u>	<u><u>\$ 14,780,172</u></u>

See Notes to Consolidated financial statements.

CAROLINA ART ASSOCIATION
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions	\$ 1,699,818	\$ 339,675	\$ 2,039,493
Government grants	664,289	-	664,289
Memberships	310,827	-	310,827
Investment return, net	470,564	-	470,564
Museum shop sales	143,263	-	143,263
Education programs, events, and admissions	270,174	-	270,174
Rental income, loan, and licensing fees	192,718	-	192,718
Special event income	276,269	-	276,269
In-kind revenue	18,144	-	18,144
Other income	14,708	-	14,708
	4,060,774	339,675	4,400,449
Net assets released from restrictions	198,436	(198,436)	-
Total revenues, gains, and other support	4,259,210	141,239	4,400,449
Expenses			
Program services:			
Curatorial	469,204	-	469,204
Public programs	1,156,870	-	1,156,870
Visitors services and gift shop	440,651	-	440,651
Total program services	2,066,725	-	2,066,725
Supporting services:			
General and administrative	420,666	-	420,666
Fundraising	503,125	-	503,125
Total supporting services	923,791	-	923,791
Total expenses	2,990,516	-	2,990,516
Change in net assets before changes related to collection items not capitalized	1,268,694	141,239	1,409,933
Changes related to collection items not capitalized			
Collection items purchased	(25,499)	-	(25,499)
Change in net assets	1,243,195	141,239	1,384,434
Net assets, beginning of year	12,403,752	1,685,012	14,088,764
Net assets, end of year	<u>\$ 13,646,947</u>	<u>\$ 1,826,251</u>	<u>\$ 15,473,198</u>

See Notes to Consolidated financial statements.

CAROLINA ART ASSOCIATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services			Supporting Services		
	Curatorial	Public Programs	Visitor Services and Gift Shop	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 329,306	\$ 240,903	\$ 262,879	\$ 207,588	\$ 328,516	\$ 1,369,192
Finance and insurance	13,046	14,778	15,646	56,348	6,692	106,510
Bad debt expense	-	-	-	150,000	-	150,000
Contracted services	221,423	593,977	21,685	156,970	142,983	1,137,038
Cost of goods sold - store	-	-	103,852	-	-	103,852
Facilities and equipment	87,869	522,180	359	129,437	166,412	906,257
Supplies and materials	52,500	73,545	18,270	2,333	30,725	177,373
Other expenses	6,920	27,690	293	2,707	21,601	59,211
Total expenses by function	711,064	1,473,073	422,984	705,383	696,929	4,009,433
Total expenses included in the expense section on the statement of activities	\$ 711,064	\$ 1,473,073	\$ 422,984	\$ 705,383	\$ 696,929	\$ 4,009,433

See Notes to Consolidated financial statements.

CAROLINA ART ASSOCIATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services			Supporting Services		
	Curatorial	Public Programs	Visitor Services and Gift Shop	General and Administrative	Fundraising	Total
Salaries and benefits	\$ 281,484	\$ 299,724	\$ 242,603	\$ 171,420	\$ 205,275	\$ 1,200,506
Finance and insurance	9,181	79,933	6,114	103,540	18,798	217,566
Contracted services	20,869	243,823	25,455	32,860	97,740	420,747
Cost of goods sold - store	-	-	86,442	-	-	86,442
Facilities and equipment	86,379	476,650	71,895	106,634	126,951	868,509
Supplies and materials	68,841	41,906	4,868	3,955	40,561	160,131
Other expenses	2,450	14,834	3,274	2,257	13,800	36,615
Total expenses by function	469,204	1,156,870	440,651	420,666	503,125	2,990,516
Total expenses included in the expense section on the statement of activities	\$ 469,204	\$ 1,156,870	\$ 440,651	\$ 420,666	\$ 503,125	\$ 2,990,516

See Notes to Consolidated financial statements.

CAROLINA ART ASSOCIATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash Flows From Operating Activities		
Change in net assets	\$ (693,026)	\$ 1,384,434
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Collections items purchased	177,000	25,499
Depreciation	502,214	514,947
Amortization	-	4,613
Reinvestment of net investment income	(41,677)	(52,876)
Net realized and unrealized gains on investments	359,172	(417,848)
Change in discount on promises to give	3,844	(4,865)
Bad debt write offs/change in allowance for promises to give	150,003	(500)
Change in accrued and deferred amounts:		
Grant and other receivables	(45,944)	12,590
Promises to give, net	46,242	105,034
Inventories	13,767	6,639
Prepaid expenses	18,761	(13,888)
Accounts payable and accrued expenses	(24,086)	45,821
Deposits held	7,450	3,000
Deferred revenue	270,170	22,372
Net cash provided by operating activities	<u>743,890</u>	<u>1,634,972</u>
Cash Flows From Investing Activities		
Collection items purchased	(177,000)	(25,499)
Purchase of property and equipment	(263,069)	
Purchases of investments	(2,393,671)	(212,297)
Proceeds from sales of investments	2,447,285	303,485
Net cash provided by investing activities	<u>(386,455)</u>	<u>65,689</u>
Cash Flows From Financing Activities		
Forgiveness of notes payable	-	(241,660)
Proceeds from line of credit	-	1,773,500
Payments on line of credit	-	(2,044,432)
Proceeds from notes payable	558,000	-
Payments on notes payable	(382,298)	(942,209)
Net cash used in financing activities	<u>175,702</u>	<u>(1,454,801)</u>
Net increase in cash and cash equivalents	<u>533,137</u>	<u>245,860</u>
Cash and Cash Equivalents at Beginning of Year	<u>983,739</u>	<u>737,879</u>
Cash and Cash Equivalents at End of Year	<u><u>\$ 1,516,876</u></u>	<u><u>\$ 983,739</u></u>
Supplemental Disclosures of Cash Flow Information		
Cash paid during the year for:		
Interest	<u><u>\$ 10,426</u></u>	<u><u>\$ 44,941</u></u>

See Notes to Consolidated financial statements.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 1. Nature of Organization

The Carolina Art Association (Carolina Art or the Association) is a non-profit organization whose purpose is the cultivation of the arts and art education through the collection, exhibition, and interpretation of art objects. Carolina Art was chartered by the State of South Carolina in 1858 and is a co-trustee, with the City of Charleston (the City), of the Gibbes Museum of Art building which opened in 1905. Carolina Art, through the operation of the Gibbes Museum of Art, exists to link the art of the past with the art of the future through innovative exhibitions, acquisitions, interpretation, and educational programs that preserve and promote the art of Charleston and the American South. Carolina Art is supported primarily through contributions, grants, income on investments, admission fees, memberships, museum shop revenues, and other fees. Programs of Carolina Art include curatorial operations, public education, and operation of the museum shop for further cultivation of the visual arts.

Note 2. Summary of Significant Accounting Policies

Principles of consolidation

Carolina Art formed Gibbes Museum, LLC (GM, LLC) in March 2016, which is a single member limited-liability company taxed as a C Corporation and a wholly owned subsidiary of Carolina Art. In May 2016, Gibbes Museum Tenant, LLC (GMT, LLC) was formed as a partnership by GM, LLC, James R. Smith (the "federal investor"), and the Bank of South Carolina (the "state investor"). All of these companies exist as historic tax credit entities for the renovations of the historic Gibbes Museum of Art building. The tax credits process began in the year ended June 30, 2016, and continued into subsequent years as renovations were completed. See Note 11.

Carolina Art, through its ownership of GM, LLC, is the managing partner of GMT, LLC. The federal and state investors own 99% of GMT, LLC as limited members, while GM, LLC owns 1%. Because Carolina Art, through GM, LLC, is the managing partner, all activity is consolidated on Carolina Art's consolidated financial statements.

The accompanying consolidated financial statements reflect the consolidated financial statements of Carolina Art; GM, LLC; and GMT, LLC (collectively "the Association"). The individual entities have interrelated directors and officers and share common facilities and personnel. All material inter-organization transactions have been eliminated in consolidation.

Basis of accounting and presentation

The consolidated financial statements of the Association have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities. The Association reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Cash and cash equivalents

For purposes of the consolidated statements of cash flows, the Association considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Promises to give, discount, and allowance for doubtful accounts

Promises to give are recorded as contributions at the time they are made and are, in substance, unconditional. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Promises to give are recorded as net assets with donor restrictions based on their purpose and/or implied time restrictions. When the purpose and/or time restrictions are met, the amounts are recorded in the consolidated statements of activities as released from restrictions. Promises to give expected to be collected within one year are recorded at their net realizable values.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Promises to give, discount, and allowance for doubtful accounts (continued)

Promises to give expected to be collected in future years are recorded at the present value of their estimated future cash flows (i.e., net of a present value discount, using a discount rate of 2%). In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities.

The Association uses the allowance method to account for uncollectible promises to give. The allowance is based on management's estimate of collectability for the promises to give. As of June 30, 2022 and 2021, the allowance for uncollectible promises to give was \$7,869.

Inventories

Inventories are comprised of merchandise and publications held for resale. Purchased inventory is stated at the lower of cost or net realizable value, principally on the first-in, first-out method. Contributed inventory is recorded at its fair market value at the date of contribution. Inventories at June 30, 2022 and 2021, consist of museum shop merchandise.

Investments

Investment purchases are recorded at cost or, if donated, at fair value on the date of donation. Thereafter, the Association's investments in marketable securities with readily determinable fair values and all investments in debt securities are carried at their fair values in the consolidated statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Investment pools

The Association maintains master investment accounts for its donor-restricted and board-designated endowments. Realized and unrealized gains and losses from securities in the master investment accounts are allocated monthly to the individual endowments based on the relationship of the market value of each endowment to the total market value of the master investment accounts as adjusted for additions to or deductions from those accounts.

Investment income

Investment income or loss (including gains and losses on investment, interest, and dividends) is included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions unless the income or loss is specifically restricted by donor or law. Allocated investment income from investments restricted by donors is reported as an increase in net assets with donor restrictions based on the restrictions on the original donations.

Fair value measurements

The Financial Accounting Standards Board (FASB), *Fair Value Measurements*, establishes a framework for measuring fair value and expands disclosures about fair value measurement. It also emphasizes that fair value is a market-based measurement, not an entity-specific measurement, and sets out a fair value hierarchy with the highest priority being quoted prices in active markets. Under this standard, fair value measurements are disclosed by level within that hierarchy. The Association utilizes a three-tier fair value hierarchy that clarifies fair value as an exit price representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Property and equipment, net

The Association capitalizes all expenditures for property and equipment in excess of \$5,000 and with useful lives over one year. Expenditures for the acquisition of property and equipment are capitalized at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Expenditures for repairs and maintenance costs that do not improve or extend the useful lives of the respective assets are expensed in the year the costs are incurred. The estimated useful lives are as follows:

Furniture, fixtures and equipment	5 - 10 years
Buildings and improvements	35 years
Garden renovations	20 years
Leasehold improvements	10 years

Donated property and equipment

Donations of property and equipment items are recorded as support at their estimated fair value at the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions.

Absent donor stipulations regarding how long those donated assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Association reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Intangible assets

The Association's intangible assets consist of website development costs and partnership syndication fees. Amortization is computed using the straight-line method based on the assets estimated useful lives of three and five years, respectively, and is included with amortization expense and accumulated amortization.

Endowment funds

The Association follows *Endowments of Not-for-Profit Organizations* which defines guidelines on prudent management of endowment funds. South Carolina has also adopted the State Prudent Management of Institutional Funds Act (SPMIFA). The Board of Directors of the Association has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association retains in perpetuity in net assets with donor restrictions (a) the original gifts donated to the endowment, (b) subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by SPMIFA.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Endowment funds (continued)

In accordance with SPMIFA, the Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Association and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Association
7. The investment policies of the Association

Return objectives and risk parameters – The Association has adopted investment and spending policies for endowment assets that attempt to maximize returns within reasonable and prudent levels of risk while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified purpose and period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce total returns on the assets over time that exceed the rate of inflation. The levels of volatility for the equity portion of the investments are expected to be consistent with or modestly higher than the broad U.S. and international markets based on the amount of active market management used for the investments.

Strategies employed for achieving objectives – To satisfy its long-term rate-of-return objectives, the Association relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Association targets a diversified asset allocation that places an emphasis on equity-based investments, including mutual funds and bond funds, to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objectives relate to spending policy – The Association has a policy of annually appropriating for distribution five percent of its general-purpose endowment fund's rolling average fair value over the three years preceding the fiscal year in which the distribution is planned. In establishing this policy, the Association considered the long-term expected return on its endowment. Any withdrawals of funds designated for a specific purpose must be approved by the Finance Committee and communicated to the Board of Directors. This is consistent with the Association's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

Funds with deficiencies – From time to time, the fair value of assets associated with the individual donor-restricted endowment funds may fall below the level that the donor or state statutes required the Association to retain as a fund of perpetual duration. In accordance with generally accepted accounting principles, deficiencies of this nature are included in net assets with donor restrictions. There were no deficiencies of this nature included in net assets without restrictions as of June 30, 2022 or 2021.

Compensated absences

Regular employees of the Association are granted vacation benefits which accrue on an annual basis effective on July 1st of each year. As of June 30th of any year, any unused balances terminate unless prior approval to carry over vacation benefits is granted. At June 30, 2022 and 2021, there were no vacation benefits carried over into the next fiscal year; therefore, a liability for accumulated vacation benefits is not recorded in the consolidated financial statements.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Revenue recognition

Contributions and other support received are recorded as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor restrictions. Donor restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Revenue from memberships is recognized as revenue over the course of the membership period as it is earned. Grant and contract revenue are recognized based upon work performed at the reporting date under specific grant or contract terms. Billing of amounts may be delayed under specific contract payment terms. Revenue from merchandise sales and admissions is recognized upon delivery of the good or service to the customer. All of the Association's sales are tax exempt.

Deferred revenue

Deferred revenue primarily consists of grants, memberships, sponsorships, and rental deposits received for future periods not yet earned by the Association.

Donated services

Donated services are recognized as contributions at fair value in accordance with generally accepted accounting principles (GAAP) if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Association. No significant contributions of such services were received during the years ended June 30, 2022 and 2021. Volunteers also provide their time and perform a variety of tasks that assist the Association with tours, sales, and administrative services. These services are not recognized as contributions in the consolidated financial statements since the criteria for recognition were not met.

Donated assets

Donated marketable securities and other noncash donations (with the exception of collection items) are recorded as contributions at their estimated fair values at the date of donation.

Donation of collection items

The Association does not capitalize works of art donated for its collection or recognize them as revenue gains. The standards provide that such donations need not be recognized if they are added to collections that are held for public exhibition, education, or research in furtherance of public service rather than financial gain; are protected, kept unencumbered, cared for, and preserved; and are subject to a policy that requires the proceeds from sales of collection items to be used to acquire other items for the collection.

Fundraising expenses

The Association reports total fundraising expenses as fundraising in the consolidated statements of activities, with the exception of special events of the Association, for which expenses are netted with associated revenue.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 2. Summary of Significant Accounting Policies (Continued)

Advertising

Advertising costs are expensed as incurred. Advertising costs of \$8,787 and \$25,881 were incurred during the years ended June 30, 2022 and 2021, respectively. Additionally, in-kind advertising of \$46,056 and \$18,144 was contributed to the Association and is included in special event income in the consolidated statements of activities for the years ended June 30, 2022 and 2021, respectively.

Income tax status

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) as a charitable organization whereby only unrelated business income, if any, as defined by the IRC, is subject to federal income tax. The Association is classified by the Internal Revenue Service (IRS) as other than a private foundation. The Association is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Association is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. For the years ended June 30, 2022 and 2021, the Association incurred no unrelated business income tax expense.

GM, LLC is recognized as a C corporation for federal and state income tax purposes. As GM, LLC had no material income or expense for the fiscal year ended June 30, 2022 or 2021, no provision for income taxes has been recorded. GMT, LLC is recognized as a partnership for federal and state tax purposes. As a partnership, items of income and deductions are passed through to the members each year as earned, and thus, it pays no federal or state income tax itself.

Management has evaluated the tax positions of the Association and does not believe that any uncertain tax positions or unrecognized tax benefits exist for the years ended June 30, 2022 or 2021. The Association's policy is to report accrued interest related to unrecognized tax benefits, when applicable, as interest expense and to report penalties as other expense.

Functional allocation of expenses

The costs of program and supporting services have been summarized in the accompanying consolidated statements of activities. The accompanying consolidated 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.

Use of estimates

The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods. The reclassifications had no impact on previously reported net assets.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 3. Liquidity and Availability

The Association regularly monitors liquidity to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Association has various sources of liquidity at its disposal including cash and cash equivalents, investments, promises to give, and other receivables. In addition to financial assets available to meet general expenditures over the next 12 months, the Association operates under an approved budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. For the years ended June 30, 2022 and 2021, 1% to 5% of the endowment balances (depending on the endowment fund) were available to be used for general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Association's cash.

Financial assets available for general expenditure (including general and administrative and fundraising expenses), that is, without donor restrictions limiting their use, within one year of June 30, 2022 and 2021 were:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,516,876	\$ 983,739
Grant and other receivables	48,574	2,630
Promises to give	25,836	103,937
Investments	60,000	60,000
	<u>\$ 1,651,286</u>	<u>\$ 1,150,306</u>

The Association's endowments consist of donor-restricted endowments. Income from donor-restricted endowments is available for restricted or unrestricted purposes based on the wishes of the donor which are specified at the time of donation.

Note 4. Promises to Give, Net

Promises to give at June 30 are as follows and primarily relate to a capital campaign for facility improvements:

	<u>2022</u>	<u>2021</u>
Receivable in less than one year	\$ 25,836	\$ 103,937
Receivable in one to five years	10,000	135,831
Total promises to give	35,836	239,768
Less discount to net present value	196	4,040
Less allowance for uncollectible promises to give	7,869	7,869
Promises to give, net	<u>\$ 27,771</u>	<u>\$ 227,859</u>

The discount to net present value was calculated using a discount rate of 2.0% at June 30, 2022 and 2021.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 5. Property and Equipment, Net

Property and equipment, net is summarized as follows by major category at June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 138,908	\$ 138,908
Parking spaces	263,069	-
Buildings and improvements	14,437,750	14,437,750
Furniture, fixtures and equipment - office building	111,608	111,608
Furniture, fixtures and equipment - museum	131,269	131,269
Garden renovations	659,243	659,243
Leasehold improvements	105,142	105,142
	<u>15,846,989</u>	<u>15,583,920</u>
Less accumulated depreciation	<u>3,134,357</u>	<u>2,632,143</u>
Total	<u>\$ 12,712,632</u>	<u>\$ 12,951,777</u>

As part of the historic tax credit transaction, the land held by Carolina Art as of July 1, 2016, was transferred at its net book value of \$138,908 to GMT, LLC through Carolina Art's 100% ownership of GM, LLC. See Note 11.

Depreciation expense for the years ended June 30, 2022 and 2021, totaled \$499,508 and \$514,947, respectively.

Note 6. Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentrations of credit risk consist of cash and cash equivalent accounts and investments maintained in several financial and brokerage institutions located in Charleston, South Carolina.

The Association maintains its cash accounts at several local banking institutions. Cash accounts held at these banks are guaranteed in aggregate by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per bank per entity. From time to time, cash balances may exceed FDIC insured limits. Management monitors the risk of exposure to loss through monitoring the performance of the financial institutions through publicly available agencies. At June 30, 2022 and 2021, total cash and securities held at the banking institutions included uninsured amounts of approximately \$651,000 and \$495,000, respectively.

The Association maintains its investments at brokerage firms. Accounts maintained at the brokerage firms are insured up to \$500,000 for securities, including a limit of \$250,000 on claims for cash, under the Securities Investor Protection Corporation (SIPC). In addition, one brokerage firm has purchased additional insurance coverage to apply to losses above the SIPC protection level up to \$1 billion firm-wide with no per-client limit for securities and a \$1,900,000 per client limit for cash and cash equivalents. The other brokerage firm has purchased additional insurance coverage with an aggregate limit of \$250 million, with a \$40.5 million customer limit for securities and a \$1.75 million limit for cash. At June 30, 2022 and 2021, total cash and securities held at the brokerage firms were fully insured.

Note 7. Investments

Investments in marketable equity securities with readily determinable fair values are recorded at fair value. Investments are presented in the consolidated financial statements in the aggregate.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 7. Investments (Continued)

Investments are composed of the following at June 30:

	2022		
	Cost	Fair Value	Unrealized Gains (Losses)
Mutual funds	\$ 2,294,049	\$ 1,949,749	\$ (344,300)
Total investments	\$ 2,294,049	\$ 1,949,749	\$ (344,300)
	2021		
	Cost	Fair Value	Unrealized Gains (Losses)
Mutual funds	\$ 1,746,993	\$ 2,320,858	\$ 573,865
Total investments	\$ 1,746,993	\$ 2,320,858	\$ 573,865

The following schedule summarizes the investment return and its classification in the consolidated statements of activities for the years ended June 30:

	2022	2021
Interest and dividends	\$ 55,821	\$ 63,141
Investment fees	(14,363)	(10,426)
Interest and dividends, net	\$ 41,458	\$ 52,715
Net realized gains (losses)	\$ (14,872)	\$ (156,017)
Net unrealized gains (losses)	(344,300)	573,865
Net realized and unrealized gains on investments	\$ (359,172)	\$ 417,848

Note 8. Fair Value of Financial Instruments

Accounting standards define fair value as the exchange price that would be received for an asset or paid to transfer a liability (i.e., an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. Accounting standards also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The standard describes three levels of inputs that may be used to measure fair value:

- Level 1: Quoted prices listed on active market for identical assets or liabilities.
- Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 8. Fair Value of Financial Instruments (Continued)

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

As of June 30, 2022, and 2021, the application of valuation techniques applied to similar assets has been consistent. The following is a description of the valuation methodologies used for instruments measured at fair value:

Mutual funds: Valued at the net asset value (NAV) of shares held by the Association at year end using closing prices reported in the active market.

Fair values of assets and liabilities measured on a recurring basis at June 30, are as follows:

	2022			Fair Value
	Level 1	Level 2	Level 3	
Common stocks	\$ 411,513	\$ -	\$ -	\$ 411,513
Preferred stocks	101,409	-	-	101,409
Mutual funds, ETF's	1,099,316	-	-	1,099,316
Corporate debt	130,239	-	-	130,239
US Govt and municipal debt	174,246	-	-	174,246
Money market	33,026	-	-	33,026
Total investments	<u>\$ 1,949,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,949,749</u>

	2021			Fair Value
	Level 1	Level 2	Level 3	
Mutual funds:				
Fixed income	\$ 455,114	\$ -	\$ -	\$ 455,114
Domestic stock	722,519	-	-	722,519
International stock	686,535	-	-	686,535
Bond	456,690	-	-	456,690
Total investments	<u>\$ 2,320,858</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,320,858</u>

Note 9. Endowment

The Association's endowment consists of individual funds established for a variety of purposes. The endowment includes permanent endowments, term endowments, and funds designated by the Board of Directors to function as endowments. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The following depicts the net asset composition of the endowment funds as of June 30:

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 9. Endowment (Continued)

Endowment net asset composition by type of fund

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,102,136	\$ 1,102,136
Board-designated endowment funds	371,523	-	371,523
Total funds	<u>\$ 371,523</u>	<u>\$ 1,102,136</u>	<u>\$ 1,473,659</u>

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 1,294,035	\$ 1,294,035
Board-designated endowment funds	412,905	-	412,905
Total funds	<u>\$ 412,905</u>	<u>\$ 1,294,035</u>	<u>\$ 1,706,940</u>

Changes in endowment net assets

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	<u>\$ 412,905</u>	<u>\$ 1,294,035</u>	<u>\$ 1,706,940</u>
Investment return:			
Investment income, net	7,863	22,960	30,823
Net gains (realized and unrealized)	<u>(68,436)</u>	<u>(199,827)</u>	<u>(268,263)</u>
Total investment return	<u>(60,573)</u>	<u>(176,867)</u>	<u>(237,440)</u>
Other activity:			
Contributions	22,544	17,325	39,869
Program releases	-	-	-
Board approved withdrawals	<u>(3,353)</u>	<u>(32,357)</u>	<u>(35,710)</u>
Total other activity	<u>19,191</u>	<u>(15,032)</u>	<u>4,159</u>
Endowment net assets, end of year	<u>\$ 371,523</u>	<u>\$ 1,102,136</u>	<u>\$ 1,473,659</u>

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 9. Endowment (Continued)

Changes in endowment net assets (continued)

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 405,934	\$ 1,092,872	\$ 1,498,806
Investment return:			
Investment income, net	9,406	30,193	39,599
Net gains (realized and unrealized)	74,327	238,597	312,924
Total investment return	83,733	268,790	352,523
Other activity:			
Contributions	45,706	128,043	173,749
Program releases	(3,733)	(6,760)	(10,493.00)
Board approved withdrawals	(118,735)	(188,910)	(307,645)
Total other activity	(76,762)	(67,627)	(144,389)
Endowment net assets, end of year	\$ 412,905	\$ 1,294,035	\$ 1,706,940

Note 10. Historic Tax Credit Transaction

The property known as 135 Meeting Street (the Building) is co-owned by the City and the Association as tenants-in-common as successor trustees under the will of James S. Gibbes. The original cost of the Building constructed in 1905 was fully depreciated and is no longer included as an asset on the consolidated statements of financial position. Subsequent improvements made to the Building in 1979 of approximately \$1.2 million were included in property and equipment as buildings and improvements prior to the extensive renovations that took place beginning in 2015 through June 30, 2017. Due to the extensive renovations and its historical significance, the Building was eligible for federal historic rehabilitation tax credits under Internal Revenue Code (IRC) Section 47 and state historic rehabilitation tax credits under Section 12-6-3535 of the Code of Laws of South Carolina, as amended.

In order to get the benefit of the historic tax credit, a federal investor and state investor invested funds and will receive tax credits for supporting a historical renovation over an extended period of time. The Association benefited through the receipt of a developer fee and will benefit from interest income over the terms of the notes as detailed below.

As discussed in Note 2, the Association formed GM, LLC in March 2016, which is a single member limited liability company and a wholly owned subsidiary. In May 2016, GMT, LLC was formed as a partnership by GM, LLC, a federal investor, and a state investor to exist as a tax credit entity to generate federal and state historic tax credits related to the renovations of the historic building. The Association, through its ownership of GM, LLC, is the managing member of GMT, LLC and has a 1% ownership. The federal and state investors hold ownership of GMT, LLC in the amount of 98% and 1%, respectively. Because the Association, through GM, LLC, is the managing partner, all activity is consolidated on the Association's consolidated financial statements.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 10. Historic Tax Credit Transaction (Continued)

As part of this transaction, the Association, through its ownership of GM, LLC, contributed \$9,525,105 of the renovation cost for the building to GM, LLC, which it then contributed to GMT, LLC as an equity contribution. In addition, the Association transferred \$1,000,000 in land and building costs to GMT, LLC in exchange for an acquisition note receivable for \$1,000,000 (Receivable 1). Further, the Association transferred \$4,374,020 in additional renovation expenditures to GMT, LLC in exchange for a note receivable (Receivable 2). These amounts are presented in the consolidating schedules and have been eliminated for the purposes of the consolidated financial statements of the Association.

Both notes receivable have a fixed interest rate of 2.24% per annum. Interest shall be computed on the actual number of days elapsed divided by a 360-day year. Beginning on July 1, 2016, monthly payments are made on Receivable 1 for principal and interest equal to 90% of GMT, LLC's available cash flow from the preceding month after payment of all company expenses other than debt service. Beginning on July 1, 2016, monthly payments are made on Receivable 2 for principal and interest equal to 90% of GMT, LLC's available cash flow from the preceding month after payment of all company expense, including debt service on Receivable 1. The outstanding principal and accrued interest shall be due and payable in full on May 17, 2026, on both notes receivable. Finally, the Association paid for additional renovation costs totaling \$613,747 as of June 30, 2022 and 2021, for the building which GMT, LLC will reimburse. These amounts are presented in the consolidating schedules as offsetting amounts due to/from related parties and have been eliminated for the purposes of the consolidating consolidated financial statements of the Association.

The Association and GMT, LLC entered into a development services agreement to pay the Association \$1,906,721 for its oversight of the renovations to the building. The amounts are presented in the consolidating schedules and have been eliminated for the purposes of the consolidated financial statements of the Association.

As of June 30, 2017, the federal investor and state investors had contributed \$2,451,153 and \$937,211 in equity contributions to GMT, LLC, respectively. No additional amounts were contributed during the years ended June 30, 2022 or 2021.

GMT, LLC, the Association, and the City of Charleston entered into a ground lease for GMT, LLC to lease certain land (the Land) for GMT, LLC's development and rehabilitation of the Building upon the Land. The lease term commenced on May 17, 2016, and terminates 55 years from the commencement date with annual rent of \$1. These amounts are presented in the consolidating schedules and have been eliminated for the purposes of the consolidated financial statements of the Association.

The Association entered into a sub-lease agreement with GMT, LLC to lease the Building for a term of 15 years commencing on the first month following the commencement date of May 17, 2016, with monthly payments of \$16,531. Annual rent will increase 2% each year through the remainder of the lease term. The Association will be responsible for operating expenses for the Building, including but not limited to, property taxes, insurance, maintenance, repairs and replacements, and utilities.

Future minimum payments by year under the sub-lease consist of the following as of June 30:

2023	\$ 230,139
2024	234,742
2025	239,438
2026	244,226
2027	249,110
Thereafter	1,024,576
	<u>\$ 2,222,231</u>

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 10. Historic Tax Credit Transaction (Continued)

In May 2016, the federal investor entered into an agreement with GM, LLC which gave the federal investor the right and option, but not the obligation, to require GM, LLC (as the managing member) or its designee to purchase the entire interest of the federal investor by written notice (a) for a price equal to the amount of the federal investor's capital contributions if the project failed to obtain Part 2 approval by December 31, 2016, or (b) the lesser of \$5,000 plus any amounts owed to the federal investor at that time or the fair market value of the federal investor's interest as determined by an appraisal within six months after the fifth anniversary of the date the Building is placed into service.

In June 2016, the state investor entered into an agreement with GM, LLC which gave the state investor the right and option, but not the obligation, to require GM, LLC (as the managing member) or its designee to purchase the entire interest of the state investor by written notice for the lesser of \$5,000 plus any amounts owed to the state investor at that time or the fair market value of the state investor's interest as determined by an appraisal within six months after the fifth anniversary of the date the Building is placed into service.

Note 11. Funds Held by Others

The Coastal Community Foundation (the Foundation), an unrelated non-profit foundation, maintains the Gibbes Museum of Art Endowment Fund for the benefit of the Association. This fund was established in 1983 with a gift from an anonymous donor. Each year, the fund distributes 4% of the average balance in the fund calculated over the previous 20 quarters. The Board of the Foundation has discretionary authority over all distributions. The balance of the Gibbes Museum of Art Endowment Fund at June 30, 2022 and 2021, was \$24,194 and \$27,110, respectively. The Association received distributions from the fund during the years ended June 30, 2022 and 2021, of \$845 and \$0, respectively.

This fund is not recorded on the books of the Association because the Association does not have variance power over the fund.

The Foundation also maintains the Alicia Rhett Art Fund for the Gibbes Museum which was created in August 2015. Each year the fund will distribute 4% of the average balance in the fund calculated over the previous 20 quarters. The Board of the Foundation has discretionary authority over all distributions. The balance of the Alicia Rhett Art Fund for the Gibbes Museum at June 30, 2022 and 2021, was \$589,378 and \$659,487, respectively. The Association received distributions from the fund during the years ended June 30, 2022 and 2021, of \$27,317 and \$20,281, respectively. The fund is not recorded on the books of the Association because the Association does not have variance power over the fund.

Note 12. Museum Collections

The Association's collection consists of various artworks and is maintained for public exhibition and educational purposes. The collection is the most valuable asset of the Association, and the Association provides the resources to ensure the collection is protected and preserved. The collection, which has been acquired through purchases and contributions since the Association's inception, is not recognized as an asset on the consolidated statements of financial position. Purchases are recorded as a decrease in net assets, and sales are recorded as an increase in net assets in the statement of activities. Purchases and sales are allocated to the appropriate net asset class "with or without donor restrictions."

The value of collection items received via contributions is not reported as contributions or accessions in the consolidated statements of activities. During the fiscal years ended June 30, 2022 and 2021, the Association purchased artwork with a fair market value of \$177,000 and \$25,499, respectively. All proceeds from deaccessions must be used for the purchase of artwork. The Association did not sell artwork during the year ended June 30, 2022 or 2021.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 13. Related Parties

The Women's Council of the Association (the Women's Council) and Society 1858 are direct support groups which provide financial and volunteer support for the Association's programs and operations. The support organizations have separate boards that operate independently but coordinate activities through the Association and fall under the Association's organizational structure. During the year ended June 30, 2022, the Women's Council and Society 1858 generated net membership revenue totaling \$11,733 and \$3,581, respectively, for the Association. During the year ended June 30, 2021, the Women's Council and Society 1858 generated net membership revenue totaling \$7,630 and \$12,525, respectively, for the Association.

Net proceeds from special events held by the Women's Council and Society 1858 are reported on the consolidated statements of activities as part of total special event revenues. Net proceeds from these special events held by the direct support groups for the year ended June 30, 2022, were \$112,549 and \$112,199, excluding in-kind donations, respectively. Net proceeds from these special events held by the direct support groups for the year ended June 30, 2021, were \$186,268 and \$64,880, excluding in-kind donations, respectively.

As of June 30, 2022 and 2021, the Association had \$0 and \$17,270, respectively, in promises to give from board members of the Association.

Note 14. Operating Leases

The Association entered into a non-cancelable operating lease agreement for office space under a new lease agreement in July 2015. Under the new lease agreement terms, the Association is required to pay \$4,377 per month with annual 3% increases and received the first nine months of rent free. The lease term expires on March 31, 2025, with one 5-year renewal option.

Lease expenses for all operating leases for the years ended June 30, 2022 and 2021, totaled \$65,316 and \$66,380, respectively.

Future minimum payments under the operating leases for the years ending June 30 are:

2023	\$	66,522
2024		68,511
2025		52,922
		<u>187,955</u>
	\$	<u>187,955</u>

Note 15. Special Events Revenue

The Association sponsors several fundraising activities during the year. Events held during the years ended June 30, 2022 and 2021, generated revenues of \$585,289 and \$276,269, respectively, inclusive of revenue from support groups.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 16. Long-Term Debt

The Association's long-term debt consists of the following at June 30:

	<u>2022</u>	<u>2021</u>
In September 2018, the Association obtained a term loan for \$1,660,000 at an interest rate of 3.75% . The loan requires payments of \$9,889 with a balloon payment of \$1,364,656 due on September 21, 2023. The note was paid in full during 2022.	\$ -	\$ 375,982
In June 2020 the Association obtained a \$150,000 Economic Injury Disaster Loan (EIDL) administered by the SBA. In October 2021, the loan was modified for an additional \$350,000. Payments on the note are deferred for 30 months from the date of the original note. Interest will continue to accrue and payments will begin in December 2022 with monthly installments of \$2,210, including interest at 2.75% per annum with a maturity date of June 2050. The loan is collateralized by certain property.	499,900	149,900
In August 2021, the Association entered into a note payable with a financial institution for \$208,000 to finance acquisition of two parking spaces with monthly installments of \$1,169 including interest at 3.14% annum and a balloon payment of \$168,706 due August 2026. The note is secured by the parking spaces.	<u>201,684</u>	<u>-</u>
Total notes payable	701,584	525,882
Current portion	<u>7,798</u>	<u>79,757</u>
Long-term debt	<u>\$ 693,786</u>	<u>\$ 446,125</u>

Future minimum payments on notes payable for the years ending June 30 are:

2023	\$ 7,798
2024	8,046
2025	20,753
2026	21,846
2027	182,618
Thereafter	<u>460,523</u>
	<u>\$ 701,584</u>

Note 17. Line of Credit

On March 30, 2022, the Association renewed its line of credit arrangement with a financial institution in the amount of \$1,000,000 with a maturity date of March 2022. The line of credit had no outstanding balance as of June 30, 2022 and 2021.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 18. Designations and Restrictions on Net Assets

The Association's Board of Directors has chosen to place the following limitations on net assets without donor restrictions at June 30:

	<u>2022</u>	<u>2021</u>
Board designated:		
Designated for facility/operations	\$ 98,605	\$ 133,326
Designated for endowment	371,524	412,905
Total designated	<u>\$ 470,129</u>	<u>\$ 546,231</u>

The Association has recognized revenue related to grants and contributions that are restricted as to purpose or the expiration of time. Net assets with donor restrictions that are permanent in nature are restricted to investments in perpetuity, the income from which is reported as an increase in net assets with donor restrictions and is expendable to support the restricted purposes of the original contribution.

As of June 30th, the net assets with donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Accessions	\$ 443,133	\$ 502,381
Conservation	61,478	72,611
Facility/Operations	702,656	715,686
Program activities:		
Education	199,760	222,115
Exhibitions	188,281	61,948
Scholarships	216,181	234,536
Collections	23,855	16,242
Christmas Tree	30,351	732
	<u>\$ 1,865,695</u>	<u>\$ 1,826,251</u>

Amounts released from restrictions for the years ended June 30th are:

	<u>2022</u>	<u>2021</u>
Released for program activities	\$ 14,385	\$ 111,533
Released for facility/operations	21,227	86,903
Total released	<u>\$ 35,612</u>	<u>\$ 198,436</u>

Note 19. Commitments

In August 2013, the Association and the City entered into an amended memorandum of understanding (MOU) related to the structural improvements to the Gibbes Museum of Art Building. The original MOU signed in 2009 was amended to state that the City would provide a sum of \$200,000 per year to the Association as the City Facility Contribution beginning in fiscal year 2015.

CAROLINA ART ASSOCIATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

Note 19. Commitments (Continued)

In August 2014, the Association and the City entered into another amendment to the MOU related to the structural improvements to the Gibbes Museum of Art Building. The MOU was amended to state that the City shall provide a sum of \$2,000,000 to the Association through a tourism funds backed revenue bond issued in 2015 to be used for the planned major renovation of the Gibbes Building that commenced in 2015. In 2018, the terms were revised for the remaining contributions to be provided by the City, whereby \$25,000 per year will be contributed in years 2018 through 2023, \$50,000 shall be contributed in 2024, \$125,000 will be contributed in 2025, and \$175,000 will be contributed in 2026. All such amounts will continue to be used solely for the maintenance of the Building.

Note 20. Pending Financial Accounting Standards Board Standards Updates

In February 2016, the Financial Accounting Standards Board (FASB) issued ASU 2016-02, *Leases, (Topic 842)*, which will require leases to be recorded as an asset on the statement of financial position for the right to use the leased asset and a liability for the corresponding lease obligation for leases with terms of more than 12 months. ASU 2016-02 is effective for non-public companies for fiscal years beginning after December 15, 2021, with early adoption permitted. The Association is evaluating the impact the standard may have on the consolidated financial statements.

Note 21. Subsequent Events

In November 2022, the Association received a property tax exemption for the parking spaces located at 70A Queen Street from the State of South Carolina.

In September 2022, the Association received a tax credit of \$131,950, an Employee Retention Credit from the IRS under provisions of the CARES Act.

Subsequent events have been evaluated through December 12, 2022, which is the date the consolidated financial statements were available to be issued. There are no further subsequent events requiring disclosure as of this date.

SUPPLEMENTARY INFORMATION

CAROLINA ART ASSOCIATION

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022**

ASSETS	<u>Carolina Art</u>	<u>GM, LLC</u>	<u>GMT, LLC</u>	<u>Total</u>	<u>Eliminating</u>	<u>Reported</u>
Current Assets						
Cash and cash equivalents	\$ 1,446,030	\$ 960	\$ 69,886	\$ 1,516,876	\$ -	\$ 1,516,876
Receivables						
Grant and other receivables	48,574	-	-	48,574	-	48,574
Promises to give, current portion, net	25,836	-	-	25,836	-	25,836
Inventories	73,335	-	-	73,335	-	73,335
Prepaid expenses	69,821	-	-	69,821	(1,000)	68,821
Due from related parties	613,747	-	-	613,747	(613,747)	-
Total current assets	<u>2,277,343</u>	<u>960</u>	<u>69,886</u>	<u>2,348,189</u>	<u>(614,747)</u>	<u>1,733,442</u>
Non-Current Assets						
Investments	1,949,749	-	-	1,949,749	-	1,949,749
Investment in GMT, LLC	-	9,525,105	-	9,525,105	(9,525,105)	-
Investment in GM, LLC	9,525,105	-	-	9,525,105	(9,525,105)	-
Promises to give, net	1,935	-	-	1,935	-	1,935
Notes receivable	4,634,679	-	-	4,634,679	(4,634,679)	-
Property and equipment, net	315,475	-	15,257,858	15,573,333	(2,860,701)	12,712,632
Total non-current assets	<u>16,426,943</u>	<u>9,525,105</u>	<u>15,257,858</u>	<u>41,209,906</u>	<u>(26,545,590)</u>	<u>14,664,316</u>
TOTAL ASSETS	<u>\$ 18,704,286</u>	<u>\$ 9,526,065</u>	<u>\$ 15,327,744</u>	<u>\$ 43,558,095</u>	<u>\$ (27,160,337)</u>	<u>\$ 16,397,758</u>

(Continued)

CAROLINA ART ASSOCIATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS OF JUNE 30, 2022

	Carolina Art	GM, LLC	GMT, LLC	Total	Eliminating	Reported
LIABILITIES AND NET ASSETS						
Current Liabilities						
Accounts payable	\$ 49,227	\$ -	\$ 12,734	\$ 61,961	\$ -	\$ 61,961
Deposits held	30,000	-	-	30,000	-	30,000
Due to related parties	-	1,000	613,747	614,747	(614,747)	-
Accrued expenses	48,217	-	-	48,217	-	48,217
Deferred revenue	775,824	-	-	775,824	-	775,824
Notes payable, current portion	7,798	-	-	7,798	-	7,798
Total current liabilities	911,066	1,000	626,481	1,538,547	(614,747)	923,800
Non-Current Liabilities						
Notes payable, non-current portion	693,786	-	4,634,679	5,328,465	(4,634,679)	693,786
Total liabilities	1,604,852	1,000	5,261,160	6,867,012	(5,249,426)	1,617,586
Net Assets						
Without donor restrictions:						
Controlling interest	14,763,610	9,525,065	-	24,288,675	(12,686,730)	11,601,945
Undesignated	470,129	-	-	470,129	-	470,129
Board designated						
Non-controlling interest	15,233,739	9,525,065	-	24,758,804	(12,686,730)	12,072,074
Total without donor restrictions	15,233,739	9,525,065	10,066,584	34,825,388	(21,910,911)	12,914,477
With donor restrictions	1,865,695	-	-	1,865,695	-	1,865,695
Total net assets	17,099,434	9,525,065	10,066,584	36,691,083	(21,910,911)	14,780,172
TOTAL LIABILITIES AND NET ASSETS	\$ 18,704,286	\$ 9,526,065	\$ 15,327,744	\$ 43,558,095	\$ (27,160,337)	\$ 16,397,758

CAROLINA ART ASSOCIATION

**CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	Carolina Art	GM, LLC	GMT, LLC	Total	Eliminating	Reported
Revenue, gains, and other support						
Contributions	\$ 799,109	\$ -	\$ -	\$ 799,109	\$ -	\$ 799,109
Government grants	806,000	-	-	806,000	-	806,000
Memberships	512,470	-	-	512,470	-	512,470
Interest and dividends, net	98,857	-	-	98,857	(57,398)	41,459
Net realized/unrealized gains (losses) on investment	(359,172)	-	-	(359,172)	-	(359,172)
Museum shop sales	176,162	-	-	176,162	-	176,162
Education programs, events, and admissions	449,918	-	-	449,918	-	449,918
Rental income, loan, and licensing fees	398,064	-	201,162	599,226	(201,162)	398,064
Special event income	585,289	-	-	585,289	-	585,289
In-kind revenue	53,042	-	-	53,042	-	53,042
Other income	31,066	-	-	31,066	-	31,066
Total revenue, gains, and other support	3,550,805	-	201,162	3,751,967	(258,560)	3,493,407
Expenses						
Program services	2,326,668	-	550,766	2,877,434	(270,313)	2,607,121
Supporting services						
General and administrative	705,368	15	28,699	734,082	(28,699)	705,383
Fundraising	696,929	-	28,699	725,628	(28,699)	696,929
Total supporting services	1,402,297	15	57,398	1,459,710	(57,398)	1,402,312
Total expenses	3,728,965	15	608,164	4,337,144	(327,711)	4,009,433
Change in net assets before changes related to collection items not capitalized	(178,160)	(15)	(407,002)	(585,177)	69,151	(516,026)
Changes related to collection items not capitalized						
Collection items purchased	(177,000)	-	-	(177,000)	-	(177,000)
Change in net assets	(355,160)	(15)	(407,002)	(762,177)	69,151	(693,026)
Net assets, July 1, 2021	17,454,594	9,525,080	10,473,586	37,453,260	(21,980,062)	15,473,198
Net assets, June 30, 2022	\$ 17,099,434	\$ 9,525,065	\$ 10,066,584	\$ 36,691,083	\$ (21,910,911)	\$ 14,780,172

CAROLINA ART ASSOCIATION

**CONSOLIDATING STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022**

	Carolina Art	GM, LLC	GMT, LLC	Total	Eliminating	Reported
Cash Flows From Operating Activities						
Change in net assets	\$ (355,160)	\$ (15)	\$ (407,002)	\$ (762,177)	\$ 69,151	\$ (693,026)
Adjustments to reconcile change in net assets to net cash provided by operating activities:						
Collection items purchased	177,000	-	-	177,000	-	177,000
Depreciation	20,599	-	550,766	571,365	(69,151)	502,214
Re-investment of net investment income	(41,677)	-	-	(41,677)	-	(41,677)
Net unrealized and realized loss on investments	359,172	-	-	359,172	-	359,172
Changes in discount - promises to give	3,844	-	-	3,844	-	3,844
Bad debt write offs/change in allowance for uncollectible promises to give	150,003	-	-	150,003	-	150,003
Changes in accrued and deferred amounts:						
Grants and other receivables	(45,944)	-	-	(45,944)	-	(45,944)
Promises to give, net	46,242	-	-	46,242	-	46,242
Inventories	13,767	-	-	13,767	-	13,767
Prepaid expenses	18,761	-	-	18,761	-	18,761
Accounts payable and accrued expenses	(24,436)	-	350	(24,086)	-	(24,086)
Deposits held	7,450	-	-	7,450	-	7,450
Deferred revenue	270,170	-	-	270,170	-	270,170
Net cash (used in) provided by operating activities	599,791	(15)	144,114	743,890	-	743,890

(Continued)

CAROLINA ART ASSOCIATION

CONSOLIDATING STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2022

	Carolina Art	GM, LLC	GMT, LLC	Total	Eliminating	Reported
Net cash provided by operating activities (brought forward)	\$ 599,791	\$ (15)	\$ 144,114	\$ 743,890	\$ -	\$ 743,890
Cash Flows From Investing Activities						
Collection items purchased	(177,000)	-	-	(177,000)	-	(177,000)
Purchase of property and equipment	(263,069)	-	-	(263,069)	-	(263,069)
Payments on notes receivable	150,324	-	-	150,324	(150,324)	-
Purchases of investments	(2,393,671)	-	-	(2,393,671)	-	(2,393,671)
Proceeds from sales of investments	2,447,285	-	-	2,447,285	-	2,447,285
Net cash provided by investing activities	(236,131)	-	-	(236,131)	(150,324)	(386,455)
Cash Flows From Financing Activities						
Proceeds from notes payable	558,000	-	-	558,000	-	558,000
Payments on notes payable	(382,298)	-	(150,324)	(532,622)	150,324	(382,298)
Net cash used in financing activities	175,702	-	(150,324)	25,378	150,324	175,702
Net increase (decrease) in cash and cash equivalents	539,362	(15)	(6,210)	533,137		533,137
Cash and Cash Equivalents at Beginning of Year	906,668	975	76,096	983,739	-	983,739
Cash and Cash Equivalents at End of Year	\$ 1,446,030	\$ 960	\$ 69,886	\$ 1,516,876	\$ -	\$ 1,516,876
Supplemental Disclosures of Cash Flow Information						
Cash paid during the year for:						
Interest	\$ 10,426	\$ -	\$ 57,399	\$ 67,825	\$ (57,399)	\$ 10,426