



Financial Statements

June 30, 2022 and 2021

Independent Auditors' Report

Board of Directors
MoCA Westport, Inc.
Westport, Connecticut

Opinion

We have audited the accompanying financial statements of MoCA Westport, Inc. (the "Center"), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material aspects, the financial position of the Center as of June 30, 2022 and 2021, and the changes in its net assets and its 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Center 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 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; and for 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.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 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 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 Center'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Center'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.

PKF O'Connor Davies, LLP

May 11, 2023
Shelton, Connecticut

MoCA WESTPORT, INC.

Statements of Financial Position

	June 30,	
	2022	2021
ASSETS		
Current Assets		
Cash	\$ 246,995	\$ 164,120
Current portion of promises to give	202,400	100,360
Investment in marketable securities	251,299	449,702
Merchandise and beverage inventory	8,528	11,658
Prepaid expenses	1,450	1,480
Total Current Assets	710,672	727,320
Promises to give, net of current portion	290,171	387,727
Investment in marketable securities	943,096	1,150,559
Equipment and leasehold improvements, net	505,798	556,821
Other assets	55,075	10,000
Total Assets	<u>\$ 2,504,812</u>	<u>\$ 2,832,427</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 80,391	\$ 76,072
Current portion of long-term debt	1,100	-
Deferred revenue	62,133	12,957
Total Current Liabilities	143,624	89,029
Long-term debt	148,900	272,657
Deferred rent	33,322	35,420
Total Liabilities	<u>325,846</u>	<u>397,106</u>
NET ASSETS		
Without donor restrictions	566,799	537,282
With donor restrictions	1,612,167	1,898,039
Total Net Assets	<u>2,178,966</u>	<u>2,435,321</u>
	<u>\$ 2,504,812</u>	<u>\$ 2,832,427</u>

See notes to financial statements

MoCA WESTPORT, INC.

Statements of Activities and Changes in Net Assets

	Year Ended June 30, 2022			Year Ended June 30, 2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
SUPPORT, GAINS AND REVENUE						
Membership dues	\$ 12,062	\$ -	\$ 12,062	\$ 29,605	\$ -	\$ 29,605
Donations, contributions and grants	299,302	356,141	655,443	804,072	589,928	1,394,000
Contributions of nonfinancial assets	15,977	-	15,977	9,268	-	9,268
Program revenues	283,921	-	283,921	439,929	-	439,929
Government grants	219,828	92,690	312,518	109,582	3,750	113,332
Special events	61,881	-	61,881	-	-	-
Merchandise and other sales	24,584	-	24,584	14,244	-	14,244
Gallery rental income	33,047	-	33,047	-	-	-
Gain on forgiveness of Paycheck Protection Program loans	122,657	-	122,657	137,500	-	137,500
Dividend and interest income	498	23,153	23,651	488	11,938	12,426
Net realized and unrealized gains (losses) on investments	740	(194,562)	(193,822)	3,635	228,425	232,060
Net assets released from restriction	563,294	(563,294)	-	99,807	(99,807)	-
Total Support, Gains and Revenue	<u>1,637,791</u>	<u>(285,872)</u>	<u>1,351,919</u>	<u>1,648,130</u>	<u>734,234</u>	<u>2,382,364</u>
EXPENSES						
Program services						
Visual Arts	487,072	-	487,072	379,188	-	379,188
Concert and Heida	294,748	-	294,748	229,153	-	229,153
Education	387,339	-	387,339	337,438	-	337,438
Total Program Services	<u>1,169,159</u>	<u>-</u>	<u>1,169,159</u>	<u>945,779</u>	<u>-</u>	<u>945,779</u>
Supporting services						
Management and general	258,824	-	258,824	256,101	-	256,101
Fundraising	180,291	-	180,291	136,107	-	136,107
Total Expenses	<u>1,608,274</u>	<u>-</u>	<u>1,608,274</u>	<u>1,337,987</u>	<u>-</u>	<u>1,337,987</u>
Change in Net Assets	<u>29,517</u>	<u>(285,872)</u>	<u>(256,355)</u>	<u>310,143</u>	<u>734,234</u>	<u>1,044,377</u>
Net Assets, beginning	<u>537,282</u>	<u>1,898,039</u>	<u>2,435,321</u>	<u>227,139</u>	<u>1,163,805</u>	<u>1,390,944</u>
Net Assets, ending	<u>\$ 566,799</u>	<u>\$ 1,612,167</u>	<u>\$ 2,178,966</u>	<u>\$ 537,282</u>	<u>\$ 1,898,039</u>	<u>\$ 2,435,321</u>

See notes to financial statements

MoCA WESTPORT, INC.

Statement of Functional Expenses
Year Ended June 30, 2022

	Program Services			Total Program Services	Supporting Services		Total
	Visual Arts	Concert and Heida	Education		Management and General	Fundraising	
Salaries and employee benefits	\$ 140,063	\$ 118,604	\$ 304,208	\$ 562,875	\$ 159,578	\$ 117,460	\$ 839,913
Rent, utilities and maintenance	83,713	-	11,162	94,875	13,394	3,349	111,618
Office and other administrative	18,281	17,352	30,894	66,527	31,863	16,224	114,614
Insurance	10,294	2,487	2,487	15,268	3,732	1,244	20,244
Marketing and development	44,334	30,751	6,516	81,601	6,810	26,119	114,530
Professional fees	1,200	1,200	1,200	3,600	16,800	11,850	32,250
Catering and accomodation	1,324	4,995	-	6,319	-	3,841	10,160
Supplies, equipment and installation	64,748	43,724	14,226	122,698	12,651	204	135,553
Travel, transportation and storage	37,697	-	-	37,697	-	-	37,697
Instruction fees, awards and curation	25,798	71,660	8,697	106,155	-	-	106,155
Cost of gift shop items, beverages sold	-	-	-	-	6,046	-	6,046
Depreciation and amortization	59,620	3,975	7,949	71,544	7,950	-	79,494
	<u>\$487,072</u>	<u>\$294,748</u>	<u>\$387,339</u>	<u>\$1,169,159</u>	<u>\$ 258,824</u>	<u>\$ 180,291</u>	<u>\$1,608,274</u>

See notes to financial statements

MoCA WESTPORT, INC.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services			Total Program Services	Supporting Services		Total
	Visual Arts	Concert and Heida	Education		Management and General	Fundraising	
Salaries and employee benefits	\$ 107,989	\$ 63,329	\$ 245,106	\$ 416,424	\$ 174,218	\$ 106,235	\$ 696,877
Rent, utilities and maintenance	83,713	-	12,185	95,898	11,348	4,372	111,618
Office and other administrative	17,702	24,535	31,648	73,885	27,986	9,740	111,611
Insurance	11,120	1,762	1,762	14,644	2,643	881	18,168
Marketing and development	23,154	17,325	6,999	47,478	7,130	12,846	67,454
Professional fees	1,200	1,200	1,200	3,600	15,575	600	19,775
Catering and accomodation	1,668	12,074	-	13,742	320	1,433	15,495
Supplies, equipment and installation	66,337	32,724	21,091	120,152	4,159	-	124,311
Travel, transportation and storage	7,879	-	-	7,879	-	-	7,879
Instruction fees, awards and curation	6,828	72,764	10,567	90,159	-	-	90,159
Cost of gift shop items sold	-	-	-	-	5,843	-	5,843
Depreciation and amortization	51,598	3,440	6,880	61,918	6,879	-	68,797
	<u>\$ 379,188</u>	<u>\$ 229,153</u>	<u>\$ 337,438</u>	<u>\$ 945,779</u>	<u>\$ 256,101</u>	<u>\$ 136,107</u>	<u>\$ 1,337,987</u>

See notes to financial statements

MoCA WESTPORT, INC.

Statements of Cash Flows

	Year Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (256,355)	\$ 1,044,377
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	79,494	68,797
Deferred rent	(2,098)	24,926
Realized and unrealized (gains) losses on investments	193,822	(232,060)
Donated securities and other assets	(8,367)	(63,695)
Gain on Forgiveness of Paycheck Protection Program loan	(122,657)	(137,500)
Changes in operating assets and liabilities		
Promises to give	(4,484)	(488,087)
Merchandise and beverage Inventory	3,130	(5,655)
Prepaid expenses	30	21,292
Other assets	(45,075)	-
Accounts payable and accrued expenses	4,319	(19,699)
Deferred revenue	49,176	12,957
Net Cash from Operating Activities	<u>(109,065)</u>	<u>225,653</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditures	(28,471)	(64,848)
Proceeds from sale of investments	431,471	849,387
Purchases of investments	<u>(211,060)</u>	<u>(1,205,851)</u>
Net Cash from Investing Activities	<u>191,940</u>	<u>(421,312)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan payable, bank	<u>-</u>	<u>272,657</u>
Net Change in Cash	82,875	76,998
CASH		
Beginning	<u>164,120</u>	<u>87,122</u>
Ending	<u>\$ 246,995</u>	<u>\$ 164,120</u>

See notes to financial statements

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

1. Organization

Nature of Operations

MoCA Westport, Inc. (the “Center”), presents cultural and educational activities and programs to promote participation in and appreciation of the arts by citizens of the community at large. In furtherance thereto, the Center communicates regularly with approximately 6,200 households via bi-monthly email communication.

The basic programs of the Center include contemporary art exhibits, seminars and lectures, chamber and jazz concerts, films, and arts education and outreach programs. Program expenses include the direct costs specifically associated with the programs.

2. Summary of Significant Accounting Policies

Basis of Accounting

The Center’s financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Estimates and Assumptions

Management uses estimates and assumptions in preparing these financial statements in conformity with U.S. GAAP. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Accordingly, actual results could vary from those estimates used.

Cash

Cash equivalents held for investment purposes are classified as investments for financial statement purposes.

Promises to Give

Promises to give are recorded in accordance with Accounting Standards Codification (“ASC”) 958-605, “*Not for Profit Entities, Revenue Recognition*”, which requires an organization to record such promises as revenue at fair value when the promise is deemed to be unconditional. Accordingly, conditional promises to give are recognized as revenue only when the conditions on which they depend are substantially met and the promises become unconditional, or the contributions are received. Promises to give are recorded at net realizable value if expected to be collected within one year, and at net present value discounted at an appropriate discount rate, commensurate with the risks involved, if expected to be collected beyond one year.

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (*continued*)

Promises to Give (continued)

Amortization of discounts is recorded as revenue in accordance with donor-imposed restrictions, if any, on the promise to give. As of June 30, 2022 and 2021, unconditional promises to give are classified as both net assets without donor restriction and with donor restriction.

The Center continuously monitors the creditworthiness of donors and establishes, when appropriate, an allowance for amounts that may become uncollectible in the future based on current economic trends, historical payment and bad debt write-off experience, and any specific donor related collection issues. Balances that remain outstanding after management used reasonable collection efforts are written off through a change to the valuation allowance in accounts receivable. There was no allowance for doubtful accounts at June 30, 2022 or 2021.

Investment in Marketable Securities

Dividend and interest income, gains or losses are reflected in the statement of activities. Investment income is considered unrestricted unless restricted by donor stipulation or law. Investment expenses are netted against investment income in the statement of activities.

The Center's Investments, which are comprised of exchange traded funds, are recorded at fair value and include both funds without restriction and donor restricted endowment funds which are classified as net assets with donor restrictions (see Note 7).

Estimated fair value is based on the criteria outlined in Financial Accounting Standards Board ASC No. 820 (ASC 820) "*Fair Value Measurement and Disclosures*". ASC 820 establishes a fair value hierarchy that prioritizes the assumptions used in valuation techniques to measure fair value. This hierarchy consists of three broad levels. The three levels of fair value hierarchy under ASC 820 are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical unrestricted assets or liabilities;

Level 2 – Quoted prices in active markets for similar assets and liabilities or quoted prices in less active dealer or broker markets;

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and are unobservable.

Property and Equipment

Property and equipment are recorded at cost or donated value. The cost of property and equipment purchased in excess of \$1,000 is capitalized.

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (*continued*)

Property and Equipment (continued)

Equipment and leasehold improvements are stated at cost (fair value at date of contribution for donated assets) and are depreciated using the straight-line method over the estimated useful life of the related assets. Leasehold improvements are amortized over the lesser of the estimated useful life or lease term. When property and equipment is retired, or otherwise disposed of, the appropriate accounts are relieved of costs and accumulated depreciation, and any resulting gain or loss recognized. Expenditures of repairs and maintenance are charged to expense as incurred.

Deferred Revenue

Deferred revenue consists of funds that have been received from donors and participants for programs services to be held in the future, which will be recognized as revenue over the period the underlying program services are provided.

Net Assets

Net assets of the Entity are classified based on the presence or absence of donor-imposed restrictions. Net assets are comprised of two groups as follows:

Net Assets without Donor Restriction – Net assets without donor restriction represent available resources for use at the discretion of the Board of Directors (“Board”) and/or management for general operating purposes. As of June 30, 2022 and 2021, the Board has not designated any funds for specific purposes.

Net Assets with Donor Restriction – Net assets with donor restriction consist of assets whose use is limited by donor imposed time and/or purpose restrictions.

Earnings related to restricted net assets will be included in net assets without donor restrictions unless otherwise specifically required to be included in donor restricted net assets by the donor or by applicable state law.

Contributions and Government Grants

The Center recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional contributions – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met. Grants from federal, state and other sources are recognized as revenue when the related expenditures are incurred or revenue otherwise earned.

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies *(continued)*

Contributions and Government Grants (continued)

Contributions are reported as revenue without donor restrictions or revenues with donor restrictions. When a donor restriction expires, that is, when the stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified in the statement of activities to net assets without donor restrictions.

Program Revenues

The Center has multiple program revenue streams including summer camp fees, educational classes, concert and visual arts program fees.

Summer Camp and Education Classes

The Center provides summer camp and educational classes to children within the community. Tuition and summer camp income is recorded as earned for each summer and class periods within the fiscal year. Summer camp fees that are billed and paid in advance are deferred and recognized as income over the period the services are provided. Approximately \$244,300 and \$244,000 of these program revenues were recognized over a period of time for the years ended June 30, 2022 and 2021, respectively.

Concert and Visual Arts Program Admissions

The Center hosts various concerts and visual arts programs for which admissions are charged. The Center recognizes revenue from ticket sales and admissions at a point in time the concert event is held or when the customer is admitted, which is typically simultaneously. Approximately \$39,600 and \$195,900 of these program revenues were recognized at a point in time for the years ended June 30, 2022 and 2021, respectively.

Gift Shop and Beverage Sales

Gift shop sales are recognized at the point of sale or upon shipment via common carrier on sales that are made online. Beverage sales are recognized at the point of sale.

Revenue from admissions, membership, concessions, gift shop, summer camp, and education programs could be impacted by the overall economic conditions present in Connecticut.

Donated Materials and Services

Donated services are recognized as contributions in accordance with Financial Accounting Standards Board ASC No. 958-605 (ASC 958-605) "Not For Profit Entities, Revenue Recognition", if the services create or enhance non-financial assets or require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Center (see Note 9).

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Donated Materials and Services (continued)

Donated property and the use of equipment and facilities are recorded as support and expenses at fair market value when determinable, otherwise at values indicated by the donor.

While many members and individuals volunteer their time and perform a variety of tasks that assist the Center, no amounts have been recognized in the accompanying financial statements for such services because the criteria for recognition of such volunteer efforts under ASC 958-605 have not been met.

Functional Expenses

The costs of providing programs and supporting activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses presents expenses by function and natural classification.

The Center allocates expenses on a functional basis among programs and support services. The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expenses of those functional areas. Expenses that benefit more than one function have been allocated using a base most appropriate to the particular cost: payroll costs for staff with responsibilities in multiple program areas are allocated bases on job function, time allocation and estimates made by management, occupancy costs are allocated based on square footage or head count, and other expenses are allocated either by head count or other methods.

Income Taxes

The Center is a not-for-profit, non-stock Connecticut corporation exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. It qualifies as a publicly supported organization and is, therefore, not a private foundation.

Management of the Center has evaluated all significant tax positions as required by accounting principles generally accepted in the United States of America and is of the opinion that the Center has not taken any material tax positions that would require the recording of any tax liability by the Center.

Generally, federal and state authorities may examine the Center's informational tax returns for three years from the date of filing. Consequently, income taxes prior to 2019 are no longer subject to examination by taxing authorities.

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (*continued*)

Concentration of Credit Risk

Financial instruments that potentially subject the Center to concentrations of credit and market risk consist principally of cash and cash equivalents on deposit with financial institutions and investments held at financial institutions. Deposits held at financial institutions insured by the Federal Deposit Insurance Corporation (“FDIC”) are insured up to \$250,000. Investment holdings at financial institutions insured by the Securities Investor Protection Corporation (“SIPC”) are insured up to \$500,000 (\$250,000 for cash holdings). At times cash balances may exceed the FDIC and/or the SIPC limit. As of June 30, 2022 and 2021, the Center’s uninsured cash and cash equivalents on deposit were \$0. As of June 30, 2022 and 2021, the Center’s uninsured investment holdings totaled approximately \$ 665,000 and \$1,065,000.

The investment portfolio is diversified by type of investments and industry concentrations so that no individual investment or group of investments represents a significant concentration of credit risk.

Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is May 11, 2023.

Subsequent to year end, the Center and its newly formed single member limited liability company MoCA Westport Holdings, LLC purchased the building which they currently lease for \$3,000,000. The purchase was funded with a \$2,000,000 mortgage and funds the Center raised through a capital campaign. The mortgage is payable in monthly installments of \$10,283 with interest at 3.75% due in full by August 1, 2048.

3. Promises to give

Included in support and revenue is a \$1,000,000 promise to give received during 2021, of which \$500,000 was received in 2021. The remaining promise to give is to be received in five annual installments of \$100,000 commencing on December 31, 2021. Fifty percent of the promise to give is without donor restriction and fifty percent is with donor restriction to be used to fund the presentation and storing of a visual arts exhibition. Approximately 80% and 100% of the gross promises to give was from one donor at June 30, 2022 and 2021, respectively.

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

3. Promises to give (continued)

Promises to give expected to be collected consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Receivables due in less than one year	\$ 202,400	\$ 100,360
Receivables due in one to five years	<u>300,000</u>	<u>400,000</u>
Gross promises to give	<u>502,400</u>	<u>500,360</u>
Unamortized discount	<u>(9,829)</u>	<u>(12,273)</u>
	<u>\$ 492,571</u>	<u>\$ 488,087</u>

The aforementioned promises to give have been included in the following net asset categories at June 30, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
With donor restriction	\$ 390,171	\$ 487,727
Without donor restriction	<u>102,400</u>	<u>360</u>
	<u>\$ 492,571</u>	<u>\$ 488,087</u>

For the only unconditional promise to give to be received over a period in excess of one year received in 2021, a discount of 1.00% was applied.

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

4. Investments

The following summarizes the relationship between cost and market values of investments as presented in the financial statements as of June 30, 2022 and 2021:

	2022		2021	
	Market value	Cost basis	Market value	Cost basis
Nonendowment assets measured using Level 1 inputs				
Cash Equivalents	\$ 6,834	\$ 6,834	\$ 9,687	\$ 9,687
Marketable equity securities (Exchange Traded Funds)	244,465	281,883	440,015	433,805
Total	251,299	288,717	449,702	443,492
Held for endowment assets measured using Level 1 inputs				
Cash equivalents	22,120	22,120	25,882	25,882
Marketable equity securities (Exchange Traded Funds)	920,976	986,525	1,124,677	1,010,526
Total	\$ 1,194,395	\$ 1,297,362	\$ 1,600,261	\$ 1,479,900

5. Property and Equipment

	June 30,		Estimated Useful Lives
	2022	2021	
Furniture and fixtures	\$ 132,986	\$ 104,515	3-5 years
Leasehold improvements	574,332	574,332	3-15 years
	707,318	678,847	
Less accumulated depreciation and amortization	(201,520)	(122,026)	
	\$ 505,798	\$ 556,821	

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

6. Long-Term Debt

	June 30,	
	2022	2021
Note payable, Small Business Administration, payable in monthly installments of \$641, including interest at 2.75% commencing February 2023 through January 2053. The note is secured by substantially all assets of the Center.	\$ 150,000	\$ 150,000
Paycheck Protection Program loan, 1%, monthly payments of principal and interest of \$2,878 starting in July 2022. (A)	-	122,657
	150,000	272,657
Less current portion	(1,100)	-
	<u>\$ 148,900</u>	<u>\$ 272,657</u>

Principal payments of long-term debt follow:

Year ending June 30:

2023	\$ 1,100
2024	3,400
2025	3,500
2026	3,600
2027	3,700
Thereafter	134,700
	<u>\$ 150,000</u>

(A) Paycheck Protection Program

In February 2021, the Center received loan proceeds in the amount of \$122,657 under the Second Draw provisions of the Paycheck Protection Program (the “PPP”) as authorized by the Economic Aid to Hard-Hit Small Businesses, Nonprofits, and Venues Act (the “Economic Aid Act”). The Second Draw provisions of the Economic Aid Act provide for loans to qualifying entities for amounts up to 2.5 times their 2019 or 2020 average monthly payroll expenses. The Second Draw PPP loan bears an interest rate of 1% per annum. All or a portion of the Second Draw PPP loan principal and accrued interest are forgivable as long as the borrower uses the loan proceeds for eligible purposes, as described in the CARES Act, as amended by the Economic Aid Act, over a period between eight to twenty-four weeks from the date the Second Draw PPP loan proceeds are received (the “Second Draw Covered Period”). The amount of loan forgiveness could be reduced if the borrower terminates employees or reduces salaries above a certain threshold during the Second Draw Covered Period and does not qualify for certain safe harbors.

The Center received notification from the SBA on July 21, 2021 that its debt obligation had been alleviated and accordingly, the Center recognized the income as a gain on forgiveness of Paycheck Protection Program loans on the statement of activities for the year ended June 30, 2022.

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

7. Endowment

The Center follows the provisions of Financial Accounting Standards Board ASC No. 958-205-45-28 *Endowments of Not-for-Profit Organizations Classification of Donor-Restricted Endowment Funds Subject to the Uniform Prudent Management of Institutional Funds Act*. The Center's endowment includes donor-restricted endowment funds. As required by accounting principles generally accepted in the United States of America, 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 Board of Directors has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act ("CTUPMIFA") 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 Center classifies as net assets with donor restrictions the original value of gifts donated to the permanent endowment, the original value of subsequent gifts to the permanent endowment and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. As allowed for by the donor, the maximum of 5% of prior year-end principal balance of funds or investment income was used to fund current operations and specified programs.

Deficiencies of this nature exist in the donor-restricted endowment funds, which together had original and adjusted restricted gift value of \$1,035,141 and a current value of \$943,096 and a deficiency of \$92,045 as of June 30, 2022. At June 30, 2021, the original and adjusted restricted gift value was \$1,391,874 and a current value of \$1,150,559, and a deficiency of \$241,315. These deficiencies resulted from cash flow issues encountered by the Center, primarily due to Covid-19 and the cancellation of its annual fundraiser in previous years. This appropriation for certain programs and expenses was deemed prudent by the Board of Directors.

The Center has adopted an investment policy for endowment assets that attempts to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, the endowment assets must be invested in a conservative manner. Further, two funds restrict the manner in which funds can be invested.

Endowment Funds

Chamber Music Fund

The Chamber Music Program of the Center was established by an initial contribution of \$52,045. Interest earned by the permanently restricted fund is to be used for the Chamber Music Program. In the event the Chamber Music Program is eliminated, the funds can be used at the discretion of the Center to annually memorialize the donors.

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

7. Endowment (continued)

Endowment Funds (continued)

Artur and Heida Hermanns Holde Foundation Fund

The Fund was established in 2012 with approximately \$886,000 in restricted contributions. The contribution requires the Center to retain the underlying assets in an endowment. The endowment limits the investment of the assets to exclude the purchases of equities of companies which manufacture, sell or otherwise engage in the business of pharmaceutical drugs, alcoholic beverages or tobacco products or medically related businesses. The endowment limits the use of the resulting investment income to enhance the Center's classical music program and up to 50% annually for operating expenses. Income is defined as the greater of (i) interest, dividends, and other investment income of the Fund or (ii) a unitrust amount equal to 5% of the prior year-end principal balance of the Fund. In addition, the Center may use up to 20% of the underlying endowment assets to help fund a capital project no more than once every five years.

In the event (i) the Center's programs are ceased, (ii) the Center loses its tax exempt status, (iii) the Center is terminated or (iv) the Center uses more income/principal than is authorized, the Center shall transfer all of the Fund's then assets to the endowment of the Manhattan School of Music of New York, New York (School) provided the School agrees to accept and comply with respective conditions. If the School shall not exist or agree to the conditions, the Center is to designate a successor in the greater Norwalk/Wilton/Westport, Connecticut area that has programs primarily for the elderly of the area.

Heida Hermanns International Music Competition Fund

The Fund was established in 2012 with approximately \$264,000 in restricted contributions. The contribution requires the Center to retain the underlying assets in an endowment. The endowment limits the investment of the assets to exclude the purchase of equities of companies which manufacture, sell or otherwise engage in the business of pharmaceutical drugs, alcoholic beverages or tobacco products or mentally related businesses. The endowment limits the use of the resulting investment income to support the annual music competition. Income is defined as the greater of (i) interest, dividends and other investment income of the Fund or (ii) a unitrust amount equal to 5% of the prior year-end principal balance of the Fund. In the event (i) the program is ceased, (ii) the Center loses its tax exempt status, (iii) the Center is terminated or (iv) the Center uses more income/principal than is authorized, the Center shall transfer all of the Fund's then assets to the endowment of the Manhattan School of Music of New York, New York provided the School agrees to accept and comply with respective conditions. If the School shall not exist or agree to the conditions, the Center is to designate a successor in the greater Norwalk/Wilton/Westport, Connecticut area that has programs primarily for the elderly of the area.

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

7. Endowment (continued)

Endowment Funds (continued)

Heida Hermanns International Music Competition Fund (continued)

Endowment funds with donor restriction net assets as of June 30, 2022 and 2021 are comprised of the following:

	<u>2022</u>	<u>2021</u>
Chamber Music Fund	\$ 52,045	\$ 52,045
Artur and Heida Hermanns Holde Foundation Fund	745,760	1,005,973
Heida Hermanns International Music Competition Fund	<u>237,336</u>	<u>333,856</u>
	<u>\$ 1,035,141</u>	<u>\$ 1,391,874</u>

Changes in endowment net assets for the year ended June 30 are as follows:

	<u>2022</u>	<u>2021</u>
Endowment net assets, beginning of year	\$ 1,391,874	\$ 1,163,805
Net realized and unrealized gains (losses)	(150,721)	217,365
Investment income, net	18,481	10,704
Reduction of principal for authorized expenditures	<u>(224,493)</u>	<u>-</u>
	<u>\$ 1,035,141</u>	<u>\$ 1,391,874</u>

The amount of endowment funds held in perpetuity is \$52,045 as of June 30, 2022 and 2021.

8. Net Assets

Net assets with donor restrictions are restricted for the following purposes or periods as follows at June 30, 2022 and 2021:

	<u>June 30,</u>	
	<u>2022</u>	<u>2021</u>
Subject to expenditure for specified purpose or period:		
When Caged Birds Sing Exhibit	\$ 437,026	\$ 506,165
Capital asset purchase	<u>140,000</u>	<u>-</u>
	577,026	506,165

Endowment subject to the Center's spending policy and appropriation:

Donor-restricted endowments	<u>1,035,141</u>	<u>1,391,874</u>
Total Net Assets with Donor Restriction	<u>\$ 1,612,167</u>	<u>\$ 1,898,039</u>

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

8. Net Assets (continued)

Net assets released from restrictions are as follows for the fiscal years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Purpose or Restrictions Accomplished		
Visual arts	\$ 74,552	\$ 35,000
When Caged Birds Sing Exhibit	31,192	-
Concert series and Heida music competition	211,264	30,665
Education	11,070	34,142
Education - MoCA gives back	19,500	
Education - summer camp	109,934	
Capital asset purchase	25,000	-
Operating expenses	80,782	-
Net Assets Released from Restrictions	<u>\$ 563,294</u>	<u>\$ 99,807</u>

9. Contributions of Nonfinancial Assets

Contributed nonfinancial assets consisted of the following for the years ended June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Digital and print marketing services	\$ 15,977	\$ 1,500
Furniture and Fixtures	-	7,768
	<u>\$ 15,977</u>	<u>\$ 9,268</u>

Contributed digital and print promotional and marketing services were valued based on either value noted by vendor or based on current rates for similar services the Center has obtained.

Donated furniture and fixtures were valued at the underlying cost the donor purchased and then contributed to the Center.

10. Commitments

Leases

The Center leases office and gallery space under a noncancellable operating lease which expires in August 2034. The lease allows for a ten year extension option. The lease calls for escalating lease payments, which includes electric charges and taxes.

The lease calls for the landlord to pay \$130,000 over the first seven years of the lease. If the payments are not made by the landlord, the Center can reduce minimum rent payments by the unpaid amount. Rent expense for this lease will be recognized on a straight-line basis over the term of the lease. Deferred rent expense is reflected in the statements of financial position as a long-term liability.

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

10. Commitments (*continued*)

The Center also leases office equipment through June 2024.

Rent expense was \$120,600 and \$124,900 for the years ended June 30, 2022 and 2021.

Future minimum lease payments are as follows:

<u>Year Ending June 30</u>	
2023	\$ 123,200
2024	121,900
2025	127,200
2026	127,800
2027	121,300
Thereafter	<u>895,500</u>
	<u>\$ 1,516,900</u>

11. Concentrations

The Center received support from one donor during 2022 representing 20% and one donor in 2021 representing 39% of total support, gains and revenue, respectively. Included in promises to give receivables was \$390,200 at June 30, 2022 from the one donor from 2021.

12. Supplemental Disclosure of Non-Cash Operating and Financing Activities

During 2022 and 2021, the Center's first and second PPP loans of \$122,657 and \$137,500, respectively, were fully forgiven by the SBA.

13. Liquidity and Availability of Resources

The Center regularly monitors liquidity required to meet its annual operating needs and other contractual commitments. The following table reflects the Center's financial assets that could readily be made available within one year of the statement of financial position date to meet general expenditures as of June 30, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Cash	\$ 246,995	\$ 164,120
Investment in marketable securities	1,194,395	1,600,261
Current portion of contribution receivable and promises to give	<u>202,400</u>	<u>100,360</u>
Total Financial Assets Available within One Year	<u>1,643,790</u>	<u>1,864,741</u>
Less amounts unavailable for general expenditures within one year, due to:		
Restrictions by donors with time or purpose restriction	437,026	506,165
Restrictions by donors in perpetuity	<u>1,035,141</u>	<u>1,391,874</u>
Total Amounts Unavailable for General Expenditures within One Year	<u>1,472,167</u>	<u>1,898,039</u>
Total Financial Assets Available to Management for General Expenditures within One Year	<u>\$ 171,623</u>	<u>\$ (33,298)</u>

MoCA WESTPORT, INC.

Notes to Financial Statements
June 30, 2022 and 2021

13. Liquidity and Availability of Resources (*continued*)

As part of the Center's liquidity management policy, financial assets are structured to be available as its general expenditures, liabilities and other obligations come due. To manage liquidity during the years ended June 30, 2022 and 2021, the Center withdrew additional funds from the endowment fund above the spending policy of approximately \$33,000 in 2021. Additionally, the Center received a PPP loan of \$122,657 for the year ended June 30, 2021.
