

**The Hambidge Center  
For  
Creative Arts and Sciences, Inc.  
Audit of Financial Statements  
December 31, 2021 & 2020**



## Independent Auditor's Report

To the Board of Directors of  
The Hambidge Center For Creative Arts And Sciences, Inc.

I have audited the accompanying financial statements of The Hambidge Center For Creative Arts And Sciences, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the year ended December 31, 2021, and the related notes to the financial statements. The prior year summarized comparative information has been derived from the Organization's financial statements for the year ended December 31, 2020 and in my report dated November 2, 2021, I expressed an unqualified opinion thereon.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Hambidge Center For Creative Arts And Sciences, Inc. as of December 31, 2021 and 2020 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*J. Lunsford CPA*

January 4, 2023

# The Hambidge Center For Creative Arts And Sciences, Inc.

## Statement of Financial Position December 31, 2021 and 2020

*The Accompanying Notes are an Integral Part of These Financial Statements*

---

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Cash and Cash Equivalents	\$ 2,735,303	\$ 1,121,253
Accounts Receivable	-	56,942
Inventories	3,962	4,315
Investments	1,417,050	1,261,988
Buildings, Furniture & Equipment - net of accumulated depreciation of \$478,158 and \$443,009, respectively	671,426	598,657
Land	29,028	29,028
Construction in Progress	407,349	-
	<u>5,264,118</u>	<u>3,072,183</u>
<b>Total Assets</b>	<b>5,264,118</b>	<b>3,072,183</b>
<hr/>		
<b>Liabilities</b>		
Accounts Payable	\$ 28,237	\$ 30,573
	<u>28,237</u>	<u>30,573</u>
<b>Total Liabilities</b>	<b>28,237</b>	<b>30,573</b>
<hr/>		
<b>Net Assets</b>		
Without Donor Restrictions	3,799,418	2,139,962
With Donor Restrictions	1,436,463	901,648
	<u>5,235,881</u>	<u>3,041,610</u>
<b>Total Net Assets</b>	<b>5,235,881</b>	<b>3,041,610</b>
	<u>\$ 5,264,118</u>	<u>\$ 3,072,183</u>
<b>Total Liabilities and Net Assets</b>	<b>\$ 5,264,118</b>	<b>\$ 3,072,183</b>

---

# The Hambidge Center For Creative Arts And Sciences, Inc.

## Statement of Activity For the Year Ended December 31, 2021 with Comparative Information for December 31, 2020

The Accompanying Notes are an Integral Part of These Financial Statements

	Without Donor Restrictions	With Donor Restrictions	Total	2020
<b>Revenues, Gains and Other Support</b>				
Support				
Contributions	\$ 228,015	\$ 774,718	\$ 1,002,733	\$ 645,468
Grants	20,000	73,200	93,200	151,200
<b>Total Support</b>	<b>248,015</b>	<b>847,918</b>	<b>1,095,933</b>	<b>796,668</b>
Residency Income	98,846	-	98,846	94,688
Workshops	-	-	-	-
Services	28,003	-	28,003	2,017
Special Events	156,452	-	156,452	149,630
Merchandise Sales	5,177	-	5,177	10,011
Mitigation Bank	1,511,604	-	1,511,604	-
Investment Return	62,403	-	62,403	10,495
Realized / Unrealized Gain (Loss)	94,144	-	94,144	183,450
<b>Other Revenues and Gains</b>	<b>1,956,629</b>	<b>-</b>	<b>1,956,629</b>	<b>450,291</b>
Support Provided by Expiring Time and Purpose Restrictions	313,103	(313,103)	-	-
<b>Total Revenues, Gains and Other Support</b>	<b>2,517,747</b>	<b>534,815</b>	<b>3,052,562</b>	<b>1,246,959</b>
<b>Expenses</b>				
Program Services	542,535	-	542,535	393,046
<b>Total Program Services</b>	<b>542,535</b>	<b>-</b>	<b>542,535</b>	<b>393,046</b>
Management and General	211,432	-	211,432	153,351
Fundraising	104,324	-	104,324	105,710
<b>Total Expenses</b>	<b>858,291</b>	<b>-</b>	<b>858,291</b>	<b>652,107</b>
<b>Change in Net Assets</b>	<b>1,659,456</b>	<b>534,815</b>	<b>2,194,271</b>	<b>594,852</b>

# The Hambidge Center For Creative Arts And Sciences, Inc.

## Statement of Functional Expense For the Year Ended December 31, 2021 with Comparative Information for December 31, 2020

*The Accompanying Notes are an Integral Part of These Financial Statements*

	Program Services	Management & General	Fundraising	Total	2020
Salaries	\$ 233,146	\$ 116,573	\$ 82,033	\$ 431,752	\$ 348,877
Campaign Fundraising Expenses			-	-	15,454
Consultants	135	-	13,575	13,710	20,495
Utilities	53,868	-	-	53,868	42,314
Artist Consignment Payments	23,871	-	-	23,871	29,037
Residency Food	31,949	673	8,716	41,338	26,965
Office Expense	-	49,782	-	49,782	37,406
Insurance	32,316	25,917	-	58,233	25,692
Depreciation	34,871	-	-	34,871	24,780
Artist Project & Event Fees	29,324	-	-	29,324	14,097
Contract Labor	21,397	-	-	21,397	9,430
Resident Stipends	24,150	-	-	24,150	9,450
Accounting Fees	-	10,815	-	10,815	6,792
Travel	9,342	-	-	9,342	5,264
Printing	7,181	-	-	7,181	2,635
Rent	18,923	-	-	18,923	9,832
Maintenance	20,353	944	-	21,297	14,529
Property Taxes	-	5,603	-	5,603	5,555
Equipment Lease	-	117	-	117	94
Advertising	1,356	-	-	1,356	1,133
Gallery Purchases	353	-	-	353	1,999
Conferences & Meetings	-	20	-	20	-
Staff Development	-	988	-	988	277
	<b>\$ 542,535</b>	<b>\$ 211,432</b>	<b>\$ 104,324</b>	<b>\$ 858,291</b>	<b>\$ 652,107</b>

# The Hambidge Center For Creative Arts And Sciences, Inc.

## Statement of Cash Flows For the Years Ended December 31, 2021 and 2020

*The Accompanying Notes are an Integral Part of These Financial Statements*

	<u>2021</u>	<u>2020</u>
<b>Operating Activities:</b>		
Cash Inflows for Operations:		
Support	\$ 1,152,875	\$ 750,268
Residency Income	98,846	94,688
Workshops	-	-
Services	28,003	2,017
Special Events	156,452	149,630
Merchandise Sales	5,177	10,011
Mitigation Bank	1,511,604	-
Investment Return	99,518	10,495
Cash Outflows for Operations:		
Payments for Salaries, Benefits, and Payroll Taxes	(431,752)	(348,877)
Payments to Vendors	(411,374)	(299,555)
<b>Net Cash Provided by Operating Activities</b>	<b>2,209,349</b>	<b>368,677</b>
<b>Investing Activities:</b>		
Proceeds/Purchases of Investments - net	(98,033)	(136,878)
Construction in Progress	(407,349)	-
Purchase of Fixed Assets	(89,917)	(41,145)
<b>Net Cash Used by Investing Activities</b>	<b>(595,299)</b>	<b>(178,023)</b>
Change in Cash and Cash Equivalents	<b>1,614,050</b>	<b>190,654</b>
Cash and Cash Equivalents at Beginning of Year	1,121,253	930,599
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 2,735,303</b>	<b>\$ 1,121,253</b>

# The Hambidge Center For Creative Arts And Sciences, Inc.

## Notes to Financial Statements December 31, 2021 and 2020

---

### Note 1: Description of Organization

#### ***Mission***

The Hambidge Center for Creative Arts and Sciences, Inc. (The Hambidge Center) provides a residency program that empowers talented individuals to explore, develop, and express their creative voices. Situated on 600 acres in the mountains of north Georgia, The Hambidge Center is a sanctuary of time and space that inspires individuals working in a broad range of disciplines to create works of the highest caliber.

The Hambidge Center pledges to offer a nurturing retreat, preserve its pristine natural environment, and provide public educational programming.

#### ***History***

As one of the first artist communities in the U.S., the Hambidge Center has a distinguished history of supporting individual artists in a residency program. The Center also continues to act as a steward of its extraordinary 600-acre setting in the foothills of the Blue Ridge Mountains.

The Center was created in 1934 by Mary Hambidge, who established the artist enclave and sustainable farm in memory of her artist partner, Jay Hambidge (1867–1924). After a brief career as a performer on vaudeville stages (Mary was a world-class whistler who appeared with her pet mockingbird Jimmy), she discovered weaving and eventually found her home among Appalachian weavers in the North Georgia mountains.

In the early days of The Hambidge Center, she employed local women to create exceptional weavings that would one day be featured in many exhibits including the Smithsonian and MOMA. Later she broadened the scope of The Hambidge Center by inviting artists for extended stays. After her death in 1973, The Hambidge Center evolved into a formal and competitive residency program open to creative individuals from all walks of life.

The Hambidge Center is a member of the Artist Communities Alliance and was recognized with the 1996 Cultural Olympiad Regional Designation Award in the Arts.

### Note 2: Summary of Significant Accounting Policies

The organization prepares its financial statements in accordance with generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the organization are described subsequently to enhance the usefulness and understandability of the financial statements.

#### ***Use of Estimates***

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

#### ***Net Assets***

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use, that are placed by its donors, as follows:

#### ***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these assets are the broad limits resulting from the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

# The Hambidge Center For Creative Arts And Sciences, Inc.

## Notes to Financial Statements December 31, 2021 and 2020

---

### Note 2: Summary of Significant Accounting Policies - continued

#### ***Net Assets With Donor Restrictions***

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

The organization's unspent contributions are included in this class if the donor limited their use.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

#### ***Classification of Transactions***

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of related resources for a particular purpose or in a future period. All expenses and net losses are reported as decreases in net assets without donor restrictions.

#### ***Donated Services***

The Hambidge Center has numerous unpaid volunteers. The value of the services provided by these volunteers has not been determined or recognized in these financial statements since the criteria for recognition under ASC No. 958 have not been met.

#### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash and highly liquid investments that are readily convertible into cash and have a maturity of ninety days or less when purchased. At times, cash and cash equivalents may exceed federally insured amounts. The Hambidge Center believes that it mitigates risks by depositing cash and investing in cash equivalents with major financial institutions.

#### ***Property and Equipment***

Property and equipment are recorded at cost and depreciated over the estimated useful lives of three to forty years using the straight-line method. Depreciation expense for the year ended December 31, 2021 and 2020 totaled \$34,871 and \$24,780, respectively.

#### ***Revenue Recognition***

The Organization recognizes revenues in accordance with Accounting Standards Update (ASU) 2018-8, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made, which provides a framework for evaluating whether the transfer of assets constitutes a contribution or an exchange transaction. The ASU also provides additional clarification as to whether or not a contribution is conditional.

#### ***Income Taxes***

The Hambidge Center is a not-for-profit organization that is exempt from income taxes under section 501(c)(3) of the Internal Revenue Code (the Code). The Hambidge Center had no significant unrelated business taxable income during 2021 or 2020. Accordingly, no provision or benefit for income taxes has been recorded in the accompanying consolidated financial statements.

The Hambidge Center applies the provisions of accounting standards for income taxes. These standards require that a tax position be recognized or derecognized based on a 'more-likely-than-not' threshold. This applies to positions taken or expected to be taken in a tax return. The Hambidge Center does not believe its financial statements include any material uncertain tax positions. The Hambidge Center is no longer subject to Federal or State income tax examination by tax authorities for years prior to 2018.



# The Hambidge Center For Creative Arts And Sciences, Inc.

## Notes to Financial Statements December 31, 2021 and 2020

---

### Note 2: Summary of Significant Accounting Policies - continued

#### *Investments*

On January 21, 2014 The Board of The Hambidge Center created four Board Designated Endowment Funds and entered into Designated Fund Agreements with the North Georgia Community Foundation on September 8, 2014 to manage the funds. The purpose of the Board Designated Endowment Funds is to generate annual income for the Hambidge Center to finance, sustain, and initiate designated programs for The Hambidge Center. These funds are as follows:

The Nellie Mae Rowe Scholarship Fund - Distributions from the fund shall be spent only for the purpose of funding the annual Nellie Mae Rowe Scholarship for a Hambidge Fellow.

The Fisher & Brena Capital Fund - Distributions from the fund shall be spent only for the purpose of funding the maintenance and capital improvements and expenditures related to the upkeep of the Fisher House and the Brena House.

The Hambidge Center General Endowment Fund - Distributions from the fund shall be spent only for the purpose of funding general needs of The Hambidge Center as approved by the Board of Directors.

The Mitigation Bank Fund - Distributions from the fund shall be spent only for the purpose of funding the costs related to the creation and preservation of the mitigation banks.

Annual Distributions from The Nellie Mae Rowe Scholarship Fund, The Fisher & Brena Capital Fund and The Hambidge Center General Endowment Fund are to be calculated as follows:

Annual distributions shall not exceed 5% of the average of the value of the fund for the four calendar quarters preceding December 31.

Annual Distributions from The Mitigation Bank Fund are to be made at the discretion of the Board of Directors.

Net income of the funds shall be paid and distributed (as discussed above) to The Hambidge Center at least annually or more or less frequently. It is contemplated that from time to time a certain portion of the net income shall be left undistributed so that the earning capacity of the Fund will not be eroded by inflation.

Distributions in excess of the net income of the Fund (including principal up to the entire amount of the fund) may be made to The Hambidge Center in any year as determined by the Board of Directors.

Pursuant to the Designated Fund Agreement the asset mix for the long-term portion of funds are 65% equity and 35% fixed income.

### Note 3: Operating Lease Obligation

The Hambidge Center leases residence space under a month to month lease at \$100 per week. Rental Expense for the year ended December 31, 2021 and 2020 was \$7,505 and \$6,921, respectively.

### Note 4: Commitments and Contingencies

Certain grants and contracts often require the fulfillment of certain conditions as set forth in the instrument or agreement. Failure to fulfill the conditions could result in the return of funds to the grantors. Although the return of funds is a possibility, management of The Hambidge Center deems the contingency to be unlikely. The grants and contracts are subject to audit by the grantor. They have the authority to determine liabilities or limits or suspend participation in the various sponsored programs.

### Note 5: Subsequent Events

The Hambidge Center has evaluated subsequent events through January 4, 2023, which is the date the financial statements were prepared. No material subsequent events were identified that required adjustment to or disclosure in the financial statements.

# The Hambidge Center For Creative Arts And Sciences, Inc.

## Notes to Financial Statements December 31, 2021 and 2020

### Note 6: Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2021 and 2020 are:

	2021	2020
Financial assets:		
Cash and cash equivalents	\$ 2,735,303	\$ 1,121,253
Accounts receivable	-	56,942
Investments	1,417,050	1,261,988
Total financial assets	4,152,353	2,440,183
Less financial assets held to meet donor-imposed restrictions	(1,436,463)	(901,648)
<b>Amount available for general expenditures within one year</b>	<b>\$ 2,715,890</b>	<b>\$ 1,538,535</b>

### Note 7: Net Assets With Donor Restrictions

Purpose/Donor	2021	2020
Distinguished Fellowships	\$ 64,831	\$ 28,900
Anagama Pottery Programs	6,202	5,702
Antinori Village	1,336,410	786,504
Pottery Studio Upgrades	20,102	20,246
Happy Trails Fund	4,943	5,093
Cross-Pollination Art Lab	-	50,000
Financial Aid for Residents	3,975	5,203
	<b>\$ 1,436,463</b>	<b>\$ 901,648</b>

### Note 8: Mitigation Bank

The Hambidge Center completed a bottomland and stream restoration and preservation project to restore 54 acres of its land through an agreement overseen by the USACE (U.S. Army Corps of Engineers). The work earns mitigation credits from USACE. These credits can be sold to entities that must mitigate impacts to wetlands and streams from their construction projects in north Georgia.

### Note 9: Fair Market Value Land

As noted in Note 1, The Hambidge Center is situated on approximately 600 acres in Rabun County Georgia located in the North Georgia Mountains.

Mary Hambidge acquired the approximately 600 acres when she established The Hambidge Center in 1934 at an approximate cost of \$4,500. The approximately 600 acres and improvements made to the property over the ensuing years are currently valued at approximately \$4,239,581 by Rabun County, Georgia for property tax purposes.

# The Hambidge Center For Creative Arts And Sciences, Inc.

## Notes to Financial Statements December 31, 2021 and 2020

### Note 10: Fair Value Measurements

The Hambidge Center reports its fair value measures using a three-level hierarchy that prioritizes the inputs used to measure fair value. This hierarchy, established by GAAP, requires that entities maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The three levels of inputs used are

Level 1 - Quoted prices for identical assets or liabilities in active markets to which the organization has access at the measurement date.

Level 2 - Inputs other than quoted market prices included in level 1 that are observable for the asset or liability, either directly, or indirectly.

Level 2 inputs include:

- quoted prices for similar assets or liabilities in active markets
- quoted prices for identical or similar assets in markets that are not active
- observable inputs other than quoted prices for the asset or liability (for example, interest rates and yield curves); and
- inputs derived principally from, or corroborated by, observable market data by correlation or by other means

Level 3 - Unobservable inputs for the asset or liability. These should be used to measure the fair value to the extent that observable inputs are unavailable.

When available, The Hambidge Center measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. However, level 1 inputs are not available for all of the assets and liabilities that The Hambidge Center may be required to measure fair value (for example, in-kind contributions). The primary use of fair value measures in these financial statements are in the determination of Fair Market Value of Investments.

### Note 11: Investment Summary

Investments at December 31, 2021 are summarized as follows:

	Fair Value	Unrealized Gain (Loss)
Fisher & Brena Capital Fund	\$ 185,872	\$ 7,482
The Hambidge Center General Endowment Fund	364,807	14,685
The Mitigation Bank Fund	701,945	28,245
Nellie Mae Rowe Scholarship Fund	164,426	6,619
	\$ 1,417,050	\$ 57,031

Investments at December 31, 2020 are summarized as follows:

	Fair Value	Unrealized Gain (Loss)
Fisher & Brena Capital Fund	\$ 165,592	\$ 17,139
The Hambidge Center General Endowment Fund	325,003	33,642
The Mitigation Bank Fund	624,908	65,127
Nellie Mae Rowe Scholarship Fund	146,485	15,161
	\$ 1,261,988	\$ 131,069

As of December 31, 2021 and 2020 The Hambidge Center elected to leave the net income of the funds undistributed in order to enhance the future earning capacities of the Funds.

# The Hambidge Center For Creative Arts And Sciences, Inc.

## Notes to Financial Statements December 31, 2021 and 2020

---

### **Note 12: Paycheck Protection Program Funds**

The Organization was granted a \$61,200 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner on April 7, 2020 and was subsequently forgiven on March 8, 2021. The loan was uncollateralized and was fully guaranteed by the Federal Government. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized the \$61,200 as a grant revenue for the year ended December 31, 2020.

The Organization was granted an additional \$61,200 loan under the Paycheck Protection Program "PPP" administered by a Small Business Administration (SBA) approved partner on January 21, 2021 and was subsequently forgiven on August 3, 2021. The loan was uncollateralized and was fully guaranteed by the Federal Government. The Organization initially recorded the loan as a refundable advance and subsequently recognized grant revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized the \$61,200 as a grant revenue for the year ended December 31, 2021.

### **Note 13: Capital Campaign Funds**

The Hambidge Center began a capital campaign drive in 2017 in order to add additional staff and facilities. As of December 31, 2021, The Hambidge Center had secured campaign pledges of \$3,171,326 and collected \$1,210,207. The Hambidge Center expects to collect the remaining balance of \$1,961,119; however, it has not recorded remaining balance as a pledge receivable. The Hambidge Center believes that limiting the uncollected pledges receivable to be appropriate and the most conservative approach to disclosing this information.

End of Footnotes