



**THE LIVING ARTS AND
SCIENCE CENTER, INC.**

LEXINGTON, KENTUCKY

**FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT AUDITORS**

JUNE 30, 2020 AND 2019

THE LIVING ARTS AND SCIENCE CENTER, INC.

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REPORT OF INDEPENDENT AUDITORS

Board of Directors
The Living Arts and Science Center, Inc.
Lexington, Kentucky

We have audited the accompanying financial statements of The Living Arts and Science Center, Inc. (a nonprofit organization, the Center), which comprise the statement of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements (the financial statements).

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Board of Directors
The Living Arts and Science Center, Inc.
Lexington, Kentucky

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center as of June 30, 2020 and 2019, 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.

Blue & Co., LLC

Lexington, Kentucky
August 9, 2021

THE LIVING ARTS AND SCIENCE CENTER, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2020 AND 2019

	2020	2019
ASSETS:		
Cash and cash equivalents	\$ 187,113	\$ 232,946
Contract receivables	31,740	44,190
Prepaid expenses	1,459	0
Total current assets	<u>220,312</u>	<u>277,136</u>
Beneficial interest in assets held by others	156,165	161,292
Property and equipment, net	<u>4,584,903</u>	<u>4,728,805</u>
Total assets	<u>\$ 4,961,380</u>	<u>\$ 5,167,233</u>
LIABILITIES:		
Accounts payable	\$ 3,648	\$ 10,305
Accrued payroll and related expense	21,835	45,172
Contract liabilities	0	42,436
Note payable, current portion	16,145	14,605
Total current liabilities	<u>41,628</u>	<u>112,518</u>
Forgivable loan	120,700	0
Note payable	56,476	73,392
Total liabilities	<u>218,804</u>	<u>185,910</u>
Net assets:		
Without donor restrictions	4,576,411	4,810,031
With donor restrictions:		
Held in trust by others	156,165	161,292
Discovery exhibit	10,000	10,000
Total with donor restrictions	<u>166,165</u>	<u>171,292</u>
Total net assets	<u>4,742,576</u>	<u>4,981,323</u>
Total liabilities and net assets	<u>\$ 4,961,380</u>	<u>\$ 5,167,233</u>

See accompanying notes
to financial statements.

THE LIVING ARTS AND SCIENCE CENTER, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2020

	Without donor restrictions	With donor restrictions	Total
REVENUE:			
Grants	\$ 310,928	\$	\$ 310,928
Tuition	99,757		99,757
Contributions	63,544		63,544
Fund for the Arts	104,000		104,000
Special events, net of expense	8,165		8,165
Tours and exhibits	57,661		57,661
In-kind contributions	15,702		15,702
Event rental income	13,651		13,651
Membership fees	6,359		6,359
Retail shop	6,015		6,015
Change in beneficial interest in assets held by others		(5,127)	(5,127)
Other income	1,937		1,937
Total revenues and other support	687,719	(5,127)	682,592
EXPENSES:			
Program expenses	790,199		790,199
General and administration	113,256		113,256
Fundraising	17,884		17,884
Total expenses	921,339	0	921,339
Changes in net assets	(233,620)	(5,127)	(238,747)
Net assets, beginning of year	4,810,031	171,292	4,981,323
Net assets, end of year	\$ 4,576,411	\$ 166,165	\$ 4,742,576

See accompanying notes
to financial statements.

THE LIVING ARTS AND SCIENCE CENTER, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2019

	Without donor restrictions	With donor restrictions	Total
REVENUE:			
Grants	\$ 259,696	\$	\$ 259,696
Tuition	145,188		145,188
Contributions	123,541		123,541
Fund for the Arts	108,000		108,000
Special events, net of expense	74,018		74,018
Tours and exhibits	83,799		83,799
In-kind contributions	5,332		5,332
Event rental income	12,174		12,174
Membership fees	10,025		10,025
Retail shop	10,566		10,566
Change in beneficial interest in assets held by others		3,775	3,775
Other income	14,450		14,450
Total revenues and other support	<u>846,789</u>	<u>3,775</u>	<u>850,564</u>
EXPENSES:			
Program expenses	864,911		864,911
General and administration	122,435		122,435
Fundraising	20,074		20,074
Total expenses	<u>1,007,420</u>	<u>0</u>	<u>1,007,420</u>
Changes in net assets	(160,631)	3,775	(156,856)
Net assets, beginning of year	<u>4,970,662</u>	<u>167,517</u>	<u>5,138,179</u>
Net assets, end of year	<u>\$ 4,810,031</u>	<u>\$ 171,292</u>	<u>\$ 4,981,323</u>

See accompanying notes
to financial statements.

THE LIVING ARTS AND SCIENCE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2020

	Program services	General and administrative	Fundraising	Total
Salaries and wages	\$ 409,248	\$ 61,208	\$ 5,411	\$ 475,867
Depreciation	187,240	7,968	3,984	199,192
Payroll taxes	32,419	4,848	429	37,696
Supplies	1,055	752		1,807
Employee benefits	24,809	3,748	332	28,889
Utilities	29,620	1,260	631	31,511
Insurance	17,607	749	374	18,730
Advertising and website	5,497		5,497	10,994
Science explorers	9,265			9,265
Interest expense		3,707		3,707
Maintenance and security	18,928	805	402	20,135
Printing	6,106	1,146	381	7,633
Other program expense	18,514			18,514
Bank and processing fee		5,046		5,046
Other employee expense	8,076	1,220	108	9,404
Legal and accounting		1,658		1,658
Other administrative		15,143		15,143
Equipment rent	3,147	589	196	3,932
Art exhibit	1,858			1,858
Retail shop expense	1,311			1,311
Contract services	7,930	2,988		10,918
Telephone	2,237	421	139	2,797
In kind donations:				
Landscaping	5,332			5,332
Total expenses	<u>\$ 790,199</u>	<u>\$ 113,256</u>	<u>\$ 17,884</u>	<u>\$ 921,339</u>

See accompanying notes
to financial statements.

THE LIVING ARTS AND SCIENCE CENTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2019

	Program services	General and administrative	Fundraising	Total
Salaries and wages	\$ 446,043	\$ 66,712	\$ 5,897	\$ 518,652
Depreciation	189,303	8,056	4,028	201,387
Payroll taxes	31,847	4,763	421	37,031
Supplies	1,487	1,059		2,546
Employee benefits	23,704	3,580	317	27,601
Utilities	29,857	1,270	636	31,763
Insurance	20,647	879	438	21,964
Advertising and website	6,634		6,634	13,268
Science explorers	18,063			18,063
Interest expense		4,328		4,328
Maintenance and security	29,223	1,243	621	31,087
Printing	9,935	1,864	620	12,419
Other program expense	14,190			14,190
Bank and processing fee		7,297		7,297
Other employee expense	13,158	1,988	176	15,322
Legal and accounting		5,600		5,600
Other administrative		12,934		12,934
Equipment rent	1,158	217	72	1,447
Art exhibit	3,011			3,011
Retail shop expense	5,042			5,042
Contract services	12,843			12,843
Telephone	3,434	645	214	4,293
In kind donations:				
Landscaping	5,332			5,332
Total expenses	<u>\$ 864,911</u>	<u>\$ 122,435</u>	<u>\$ 20,074</u>	<u>\$ 1,007,420</u>

See accompanying notes
to financial statements.

THE LIVING ARTS AND SCIENCE CENTER, INC.

STATEMENT OF CASH FLOWS YEAR ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (238,747)	\$ (156,856)
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	199,192	201,387
Change in beneficial interest in assets held by others	5,127	(3,775)
Changes in operating assets and liabilities:		
Contract receivables	12,450	(40,902)
Prepaid expenses	(1,459)	49,500
Accounts payable	(6,657)	(1,871)
Accrued payroll and related expense	(23,337)	564
Contract liabilities	(42,436)	(214)
Net cash flows from operating activities	(95,867)	47,333
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(55,290)	(21,443)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from forgivable loan	120,700	-
Repayment of note payable	(15,376)	(14,755)
Net cash flows from financing activities	105,324	(14,755)
Change in cash and cash equivalents during the year	(45,833)	11,135
Cash and cash equivalents, beginning of year	232,946	221,811
Cash and cash equivalents, end of year	\$ 187,113	\$ 232,946
Supplemental disclosures of cash flow information:		
Cash paid for interest	\$ 3,707	\$ 4,328

See accompanying notes
to financial statements.

THE LIVING ARTS AND SCIENCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of The Living Arts and Science Center, Inc. (the Center) is presented to assist in understanding the Center's financial statements. The financial statements and notes are representations of the Center's management who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Nature of Activities:

The Center was organized as a not-for-profit organization in 1968 to provide creative and educational opportunities in the arts and sciences accessible to all children and adults in the central Kentucky area. The Center provides classes at its own facility and works with numerous social service agencies, school systems, community groups, and the local government to provide no cost and low-cost arts and science programs to at-risk and underserved children and adults.

Basis of Accounting:

The financial statements of the Center have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized when they are incurred.

Basis of Presentation:

The accompanying financial statements have been prepared on the accrual basis and have been prepared with a focus on the entity as a whole. Net assets, support, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Accordingly, the net assets of the Center are classified and reported as follows:

- Net assets without donor restrictions: Net assets that are currently available for operating purposes under the direction of the board or designated by the board for specific use.
- Net assets with donor restrictions: Net assets subject to donor stipulations for specific operating purposes or time restrictions. These include donor restrictions requiring the net assets be held in perpetuity or for a specified term with investment return available for operations or specific purposes.

Cash and Cash Equivalents:

The Center considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

THE LIVING ARTS AND SCIENCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Contract Receivables:

Contract receivables consist primarily of tuition fees receivable. Management considers all material amounts to be fully collectible and therefore no allowance for uncollectible receivables has been recorded. The beginning balance of contract receivables for fiscal year 2019 was approximately \$3,000.

Beneficial Interest in Assets Held by Others:

The Center has a beneficial interest in investments held in an endowment fund by the Blue Grass Community Foundation, which consists of funds contributed by the Center and donors, and includes earnings thereon, net of distributions and fees.

Property and Equipment:

Assets acquired are stated at cost, or in the case of donated assets, at fair value on the date of donation. The Center capitalizes items with a cost or fair value at acquisition of \$500 or greater. The Center provides for depreciation on the straight-line method over estimated useful lives of five to forty years. Maintenance and repairs are charged to expense as incurred. Donated fixed assets are capitalized at their estimated fair market values at the date of receipt. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support.

Income Taxes:

The Center is exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code (the Code). However, income from certain activities not directly related to the Center's tax-exempt purpose is subject to taxation as unrelated business income. In addition, the Center has been determined by the Internal Revenue Service not to be a private foundation within the context of Section 509(a) of the Code.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Center and recognize a tax liability if the Center has taken an uncertain position that more likely than not would not be sustained upon examination by various federal and state taxing authorities. Management has analyzed the tax positions taken by the Center and has concluded that as of June 30, 2020 there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the accompanying financial statements. The Center is subject to routine audits by taxing jurisdictions. There are currently no audits for any tax periods in progress.

The Center has filed its federal income tax returns for periods through June 30, 2019. These income tax returns are generally open to examination by the relevant taxing authorities for a period of three years from the later of the date the return was filed or its due date (including approved extensions).

THE LIVING ARTS AND SCIENCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Revenue Recognition:

Grants, contributions, Fund for the Arts, and special events revenue (collectively, contributions) received are recorded as either increases in net assets without donor restrictions or increases in net assets with donor restrictions depending on the existence of donor restrictions. Contributions that are restricted by the donor are reported as increases in without donor restrictions net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. When a restriction expires, net assets with donor restrictions restricted are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. There were no grants that were considered exchange transactions in fiscal years 2020 or 2019.

Tuition for educational classes, and daily tours and exhibits of the Center's facilities are recognized in the period the applicable events occur. There were no ongoing events at June 30, 2020 or 2019. Prepayments are reported as contract liabilities.

All other revenues are recognized as earned.

In-Kind Contributions:

Contributions of donated noncash assets are reported at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skill, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Advertising:

The Center uses advertising to promote its programs in the community it serves. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2020 and 2019 totaled approximately \$11,000 and \$12,000, respectively.

Allocation of Expenses:

The costs of providing the various programs and activities have been summarized on a functional basis in the statements of activities and functional expenses. Direct costs are allocated by department. Certain expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation, utilities, insurance, maintenance, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, and other employee expense which are allocated on the basis of estimates of time and effort. Although the methods used were appropriate, alternative methods may have provided different results.

THE LIVING ARTS AND SCIENCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

Use of Estimates:

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported revenues and expenses. Actual results could differ from those estimates.

Subsequent Events:

The Center evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through August 9, 2021, which is the date the financial statements were available to be issued.

Going Concern Evaluation:

Management evaluates whether there are conditions or events that raise substantial doubt about the entity's ability to continue as a going concern for a period one year from the date the financial statements were available to be issued.

2. BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

The Center has entered into an irrevocable agreement with the Blue Grass Community Foundation (BGCF), to establish an agency endowment fund (the Fund) for charitable and educational purposes. The Center is named as the beneficiary of the Fund in this agreement. The BGCF maintains variance power and legal ownership. Distribution of Fund earnings are at the discretion of the BGCF's Board of Directors and the funds are invested in accordance with the BGCF's investment policies. In accordance with Accounting Standards Codification (ASC) 958-605, Transfers of Assets to a Not-for-Profit Organization or Charitable Trust that Raises or Holds Contributions for Others, the BGCF includes the Fund as assets of the BGCF in its financial statements and reports a corresponding liability for the amounts attributable to the Center.

The Center utilizes fair value measurements to record fair value adjustments to beneficial interest in assets held by the BGCF and to determine fair value disclosures. The Center is allocated its portion of the total fair values of the underlying securities held by the BGCF (Level 3). The majority of the BGCF's investments are equity securities with a smaller allocation in fixed income securities and a relatively minor allocation in alternative investments.

Since the Center does not have variance power over the investments held at BGCF, and all distributions are at BGCF's discretion, separate disclosures for endowments are not deemed applicable.

THE LIVING ARTS AND SCIENCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

The following table sets forth a summary of changes in the fair value of assets held by BGCF for the years ended June 30 (amounts rounded):

	2020	2019
Beginning balance	\$ 161,000	\$ 158,000
Investment gain (loss)	(4,000)	4,000
Fees	(1,000)	(1,000)
Ending balance	<u>\$ 156,000</u>	<u>\$ 161,000</u>

3. PROPERTY AND EQUIPMENT

Property and equipment is comprised of the following at June 30 (amounts rounded):

	2020	2019
Buildings and improvements	\$ 5,423,000	\$ 5,380,000
Program equipment	202,000	190,000
Land	145,000	145,000
Land improvements	77,000	77,000
Vehicles	21,000	21,000
Office equipment	11,000	11,000
	<u>5,879,000</u>	<u>5,824,000</u>
Less accumulated depreciation	(1,294,000)	(1,095,000)
Property and equipment, net	<u>\$ 4,585,000</u>	<u>\$ 4,729,000</u>

4. RETIREMENT PLAN

During 2009, the Center initiated a Simple Individual Retirement Account plan for full-time employees earning more than \$5,000. Eligible employees may contribute up to the maximum amount allowed by the Internal Revenue Code. The Center matches employee contributions up to three percent of the employee's salary. Retirement expense for the Center was approximately \$5,000 and \$8,000, respectively, for the years ended June 30, 2020 and 2019.

5. RELATED PARTY TRANSACTIONS

Members of the Board of Directors have contributed their financial support and volunteered time to the Center. The contributions are included in revenue in the statement of activities.

THE LIVING ARTS AND SCIENCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

6. CONCENTRATIONS

Financial instruments that potentially subject the Center to concentrations of credit risk consist principally of cash deposits and promises to give receivables.

The Center maintains its cash accounts with a federally insured financial institution in Lexington, Kentucky. The Federal Deposit Insurance Corporation (FDIC) insures up to \$250,000. At June 30, 2019, there were no bank balances in these accounts that exceeded the limit of the FDIC. However, from time to time, the balances may exceed federally insured limits.

During fiscal year 2020, the Center received approximately 33% of its total revenue from two entities. At June 30, 2020, approximately 82% of the Center's receivables were from one entity.

During fiscal year 2019, the Center received approximately 27% of its total revenue from two entities. At June 30, 2019, approximately 95% of the Center's receivables were from two entities.

7. CONTRACT LIABILITIES

The following table provides information about significant changes in contract liabilities for the years ended June 30 (amounts rounded):

	2020	2019
Balance, beginning of year	\$ 42,000	\$ 43,000
Revenue recognized during the year	(42,000)	(43,000)
Prepayments received during the year	0	42,000
Balance, end of year	<u>\$ 0</u>	<u>\$ 42,000</u>

8. FORGIVABLE LOAN

Under the provisions of the Coronavirus Aid, Relief and Economic Security (CARES) Act, the Center received a Payroll Protection Program (PPP) loan from the Small Business Administration (SBA) on July 1, 2020. The loan, in the amount of \$120,700, bears interest at 1% per annum and is repayable on or before July 1, 2022. This loan program allows for up to 100% of the loan amount, plus interest, to be forgiven if the Center meets certain criteria, primarily the protection of jobs and the continued employment and payment of full wages and benefits to employees. Additionally, forgiveness is allowed for other qualified, non-payroll expenses such as utilities and lease payments.

The loan was forgiven in on May 14, 2021 and will be recognized as revenue in fiscal year 2021.

THE LIVING ARTS AND SCIENCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

9. NOTE PAYABLE

In January 2017, the Center entered into a mortgage note payable with a financial institution for \$250,000. The note is payable in monthly installments of \$1,590 including interest at 4.50% through January 2020 and at the prime rate thereafter. This note matures in January 2027 is secured by real property with a net book value of approximately \$4.6 million at June 30, 2019. Due to an additional principal payment in June 2018, scheduled payments end in February 2025.

Aggregate principal maturities are as follows for the years ended June 30 (amounts rounded):

2021	\$	16,000
2022		16,000
2023		17,000
2024		18,000
2025		6,000
	\$	<u>73,000</u>

10. AVAILABILITY OF FINANCIAL ASSETS

The Center is supported by grants, program service revenue, and contributions to meet its ongoing obligations. As part of the Center's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Center invests cash in excess of daily requirements in short-term investments. The following reflects the Center's financial assets as of the statement of financial position, reduced by amounts not available for general use within one year of the statement of financial position date.

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 187,000	\$ 233,000
Contract receivables	32,000	44,000
Total	<u>\$ 219,000</u>	<u>\$ 277,000</u>

The Center may also draw up on its net available unsecured line of credit of \$200,000 at June 30, 2020, in the event of an anticipated liquidity need.

THE LIVING ARTS AND SCIENCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

11. UPCOMING PRONOUNCEMENTS

On February 25, 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. This new standard, which the Center is not required to adopt until its year ending June 30, 2023, is intended to improve financial reporting about leasing transactions by requiring entities that lease assets to recognize on their balance sheet the assets and liabilities for the rights and obligations created by those leases, and to provide additional disclosures regarding the leases. Leases with terms (as defined in the ASU) of twelve months or less are not required to be reflected on an entity's balance sheet.

On September 17, 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This new standard is intended to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit (NFP) organizations, including information on how those assets are used and how they are valued. This new standard requires that an NFP present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. In addition, there are expanded disclosure requirements. The Center will be required to adopt this new standard in the year ending June 30, 2022.

The Center is presently evaluating the effects that these ASUs will have on its future financial statements, including related disclosures.

12. IMPACT OF COVID-19 PANDEMIC

On March 11, 2020, the World Health Organization declared Coronavirus (COVID-19) a pandemic. The continued spread of COVID-19, or any similar outbreaks in the future, may adversely impact the local, regional, national and global economies. The extent to which COVID-19 impacts Center's operating results is dependent on the breadth and duration of the pandemic and could be affected by other factors management is not currently able to predict. Potential impacts include, but are not limited to, collectability of receivables, additional costs for responding to COVID-19 and reductions in program service revenue, grants, contributions and other funding. Management believes the Center is taking appropriate actions to respond to the pandemic, however, the full impact is unknown and cannot be reasonably estimated at the date the consolidated financial statements were available to be issued.

THE LIVING ARTS AND SCIENCE CENTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

13. SUBSEQUENT EVENT

Under the provisions of the Coronavirus Aid, Relief and Economic Security (CARES) Act, the Center received a second Payroll Protection Program (PPP) loan from the Small Business Administration (SBA) in February 2021. The loan, in the amount of \$121,200, bears interest at 1% per annum and is repayable on or before February 2023. This loan program allows for up to 100% of the loan amount, plus interest, to be forgiven if the Center meets certain criteria, primarily the protection of jobs and the continued employment and payment of full wages and benefits to employees. Additionally, forgiveness is allowed for other qualified, non-payroll expenses such as utilities and lease payments.