

Rochester Art Center

Financial Report
June 30, 2021

Contents

Independent auditor's report	1
<hr/>	
Financial statements	
Statements of financial position	2
Statements of activities and changes in net assets	3-4
Statements of cash flows	5
Notes to financial statements	6-14



Independent Auditor's Report

RSM US LLP

Board of Directors
Rochester Art Center

Report on the Financial Statements

We have audited the accompanying financial statements of Rochester Art Center, which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to 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 audits. We conducted our audits 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 of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

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 Rochester Art Center as of June 30, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

RSM US LLP

Rochester, Minnesota
March 17, 2022

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Rochester Art Center

**Statements of Financial Position
June 30, 2021 and 2020**

	2021	2020
Assets		
Current assets:		
Cash	\$ 269,200	\$ 335,649
Employee retention credit receivable	78,017	-
Inventory	2,002	657
Prepaid expenses	533	79,602
Total current assets	349,752	415,908
Property and equipment:		
Leasehold interest in facility, net (Note 5)	5,250,864	5,419,341
Furniture and equipment, net	15,074	5,717
Net property and equipment	5,265,938	5,425,058
Other assets:		
Works of art	84,742	84,742
Total assets	\$ 5,700,432	\$ 5,925,708
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 12,002	\$ 4,180
Accrued expenses	9,359	14,116
Deferred revenue	12,225	202,372
Total current liabilities	33,586	220,668
Refundable advance	58,471	58,471
Net assets (Notes 3 and 4):		
Without donor restrictions:		
Undesignated	249,575	114,068
Invested in:		
Equipment	15,074	5,717
Works of art	84,742	84,742
Total without donor restrictions	349,391	204,527
With donor restrictions	5,258,984	5,442,042
Total net assets	5,608,375	5,646,569
	\$ 5,700,432	\$ 5,925,708

See notes to financial statements.

Rochester Art Center

**Statement of Activities and Changes in Net Assets
Year Ended June 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
Public support:			
General contributions	\$ 34,726	\$ -	\$ 34,726
Grants:			
City of Rochester (Note 5)	260,103	-	260,103
Employee Retention Credit	78,017	-	78,017
Others	183,185	-	183,185
Paycheck Protection Program	58,900	-	58,900
Membership	34,832	-	34,832
In-kind	63,470	-	63,470
Total public support	713,233	-	713,233
Revenues:			
Admissions	7,419	-	7,419
Rentals	17,281	-	17,281
Gallery shop	9,299	-	9,299
Education	1,872	-	1,872
Special programs	3,563	-	3,563
Other	1,191	-	1,191
Total revenues	40,625	-	40,625
Net assets released from restrictions (Note 5)	183,058	(183,058)	-
Total support and revenues	936,916	(183,058)	753,858
Expenses:			
Program services	493,469	-	493,469
Supporting services:			
Fundraising	41,663	-	41,663
Management and general	256,920	-	256,920
Total expenses	792,052	-	792,052
Change in net assets	144,864	(183,058)	(38,194)
Net assets, beginning	204,527	5,442,042	5,646,569
Net assets, ending	<u>\$ 349,391</u>	<u>\$ 5,258,984</u>	<u>\$ 5,608,375</u>

See notes to financial statements.

Rochester Art Center

**Statement of Activities and Changes in Net Assets
Year Ended June 30, 2020**

	Without Donor Restrictions	With Donor Restrictions	Total
Public support:			
General contributions	\$ 22,174	\$ -	\$ 22,174
Grants:			
City of Rochester (Note 5)	347,000	-	347,000
Others	137,750	-	137,750
Membership	7,730	-	7,730
In-kind	43	-	43
Total public support	514,697	-	514,697
Revenues:			
Admissions	10,985	-	10,985
Rentals	54,957	-	54,957
Gallery shop	2,831	-	2,831
Education	6,837	-	6,837
Special programs	4,812	-	4,812
Other	708	-	708
Total revenues	81,130	-	81,130
Net assets released from restrictions (Note 5)	188,894	(188,894)	-
Total support and revenues	784,721	(188,894)	595,827
Expenses:			
Program services	576,031	-	576,031
Supporting services:			
Fundraising	31,641	-	31,641
Management and general	208,153	-	208,153
Total expenses	815,825	-	815,825
Change in net assets	(31,104)	(188,894)	(219,998)
Net assets, beginning	235,631	5,630,936	5,866,567
Net assets, ending	\$ 204,527	\$ 5,442,042	\$ 5,646,569

See notes to financial statements.

Rochester Art Center

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Change in net assets	\$ (38,194)	\$ (219,998)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	3,220	2,877
Amortization of leasehold interest	168,477	168,477
Paycheck Protection Program forgiveness	(58,471)	-
(Increase) decrease in assets:		
Employee retention credit receivable	(78,017)	58,326
Inventory	(1,345)	-
Prepaid expenses	79,069	342
Increase (decrease) in liabilities:		
Accounts payable	7,822	(25,401)
Accrued expenses	(4,757)	3,952
Deferred revenue	(190,147)	(7,078)
Net cash used in operating activities	(112,343)	(18,503)
Cash flows from investing activities:		
Purchase of property and equipment	(12,577)	-
Cash flows from financing activities:		
Proceeds from refundable advance	58,471	58,471
Net increase (decrease) in cash	(66,449)	39,968
Cash, beginning	335,649	295,681
Cash, ending	\$ 269,200	\$ 335,649
Supplemental disclosures of cash flow information:		
Contributed services	\$ 56,175	\$ -
Contributed in-kind arts and supplies	\$ 7,295	\$ -
Supplemental schedule of noncash investing and financing activities:		
Paycheck Protection Program forgiveness	\$ 58,471	\$ -

See notes to financial statements.

Rochester Art Center

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Nature of business: Rochester Art Center (the Organization) is a nonprofit entity organized under Chapter 309 of the revised statutes of the state of Minnesota. The Organization's purpose is to provide to the citizens of Rochester and southeastern Minnesota the opportunity to know, practice and enjoy the arts. The Organization works to show the vital relationship of the arts to our daily lives and to join with schools, churches, libraries and community groups to make Rochester a cultural center worthy of its scientific achievements. The Organization's primary funding comes from the city of Rochester (the City) (see Note 5) and through business and individual donations, grants and facility rental fees.

Basis of accounting: These financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, revenue and assets are recognized when earned, and expenses and liabilities are recognized when incurred. The Organization follows accounting and reporting standards applicable to nonprofit organizations.

Use of estimates: The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash: The Organization maintains cash in depository bank accounts that, at times, may exceed the insurance limits of the Federal Deposit Insurance Corporation. The Organization has not experienced any losses in such accounts.

Receivables: Receivables that are expected to be collected within one year are recorded at net realizable value. Amounts not expected to be collected within one year are reported at present value of projected future cash flows using a risk-free interest rate. Management determines the allowance for uncollectible accounts by regularly evaluating individual balances and considering current financial and economic conditions. Receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Receivables at June 30, 2021 included \$78,017 of employee retention credits.

At June 30, 2021 and 2020, management did not identify any receivables they believe to be uncollectible. No allowance for uncollectible accounts has been recorded.

Revenue recognition: Memberships and program fees are recognized as revenue over the period to which the membership or fees relate. Revenue from grants is recognized according to the terms of the agreements. All contributions and promises to give are recognized at the time the Organization has the unconditional right to receive them and are reported at fair value as without restrictions unless specifically restricted by the donor. Conditional contributions are those that have barriers as defined by the standard below and have a right of refund, and they are recognized when the condition has been substantially met. Amounts recognized that are restricted for future periods or specific purposes are reported as increases in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

If the restriction is met in the period the related revenue is recognized, the amounts are reported only within the net assets without donor restrictions activity.

The Organization recognizes revenue on rental contracts on the date of the event. Amounts billed and collected before the event date are included in deferred revenue.

Rochester Art Center

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Individuals have contributed a significant amount of time to activities of the Organization. The Organization does not recognize these contributed services as support unless the services received (1) create or enhance existing facilities or (2) require specialized skills and are provided by individuals possessing those skills. The Organization received approximately \$56,000 in contributed services during the year ended June 30, 2021, and did not have any significant contributed services during the year ended June 31, 2020.

Individuals and organizations have contributed a significant amount of art supplies to support the programs of the Organization. During the years ended June 30, 2021 and 2020, the Organization has received approximately \$7,000 and \$0, respectively.

The Organization adopted Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and all subsequent ASUs that modified Accounting Standards Codification (ASC) Topic 606 which applies primarily to membership and event revenues. ASC Topic 606 provides a five-step model for recognizing revenues from contracts with customers as follows:

- Identify the contract with the customer.
- Identify the performance obligation(s) in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligation(s) in the contract.
- Recognize revenue when or as performance obligations are satisfied.

The Organization assesses the contract term as the period in which the parties to the contract have presently enforceable rights and obligations. Revenue from the exchange of resources of a commensurate value is recognized at a point in time, upon transfer of control or satisfaction of the obligation to the customer.

The transaction price is the amount of consideration to which the Organization expects to be entitled in exchange for transferring resources or satisfying an obligation to the customer. For the Organization, resources to be transferred or obligations to be satisfied include auctioned items, tickets for special events, and sponsorship acknowledgment. Revenue is recorded based on the transaction price, which is a fixed consideration.

Payment terms on contracts are typically 30 days. As these payment terms are less than one year, the Organization has elected the practical expedient to not consider the time value of money for its contracts.

The Organization has elected to apply the practical expedient to expense associated costs to obtain a contract as incurred when the expected amortization period is one year or less.

Functional expense allocation: The cost of providing various programs and other activities has been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the corresponding functional classifications, such as major classes of program services and supporting activities that benefit from such costs.

Rochester Art Center

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Works of art: The Organization recognizes works of art as assets. Donations of works of art are recorded at fair value at the date of the gift based on independent appraisals or valuations. Purchases of works of art are recorded at cost. Long-lived assets, such as works of art, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. No impairment was recorded as of June 30, 2021 or 2020.

Inventory: Gallery shop inventory is valued at the lower of cost (first-in, first-out) or net realizable value.

Furniture and equipment: Furniture and equipment is stated at cost, if purchased, or at fair value on the date received, if donated, less accumulated depreciation. Depreciation is provided on the straight-line basis over the estimated useful life of the various assets (five to 10 years for furniture and equipment). At June 30, 2021 and 2020, accumulated depreciation was \$622,348 and \$619,129, respectively. Depreciation expense for the years ended June 30, 2021 and 2020, was \$3,219 and \$2,877, respectively.

Leasehold interest in facility: The leasehold interest in the Rochester Art Center facility is stated at cost less amortization. Amortization is provided on the straight-line basis over the remaining term of the lease (see Note 5).

Paycheck Protection Program refundable advance: The Organization obtained a first round refundable advance in the amount of \$58,471 from the Small Business Administration as part of the Paycheck Protection Program under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which originated on June 17, 2020. Proceeds from the refundable advance were restricted for use towards payroll costs and other allowable expenses and would be forgiven if certain qualifications were met. On March 9, 2021, the Organization was notified that they had met qualifications and the refundable advance and all accrued interest had been forgiven in full.

The Organization obtained a second-round unsecured refundable advance at a 1% rate, for another \$58,471 with the Small Business Administration through ONB Bank as part of the Paycheck Protection Program under Division A, Title I of the CARES Act, which was originated on February 9, 2021. Proceeds of the refundable advance were restricted for use towards payroll costs and other allowable uses such as covered utilities under the Paycheck Protection Program Rules. Provisions of the agreement allow for a portion of the refundable advance to be forgiven if certain qualifications are met. As of September 13, 2021, the Organization's refundable advance and all accrued interest was forgiven in full. As the refundable advance was forgiven subsequent to year-end, the Organization has elected not to recognize this second-round refundable advance forgiveness early.

Net assets: For financial reporting purposes, the Organization classifies its activities as net assets without donor restrictions or net assets with donor restrictions based on the existence or absence of donor-imposed restrictions as follows:

Without donor restrictions: Net assets without donor restrictions are not subject to donor-imposed restrictions. These are funds that are presently available for use by or on behalf of the Organization, including amounts available for management and general expenses. These net assets may also include Board-designated amounts, but for the years ended June 30, 2021 and 2020, there were no Board-designated net assets.

Rochester Art Center

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

With donor restrictions: Net assets with donor restrictions have donor-imposed stipulations that can be fulfilled by certain actions of the Organization. These are primarily contributions that are time-restricted or purpose-restricted for certain projects. These can also include net assets that are contributions that have donor-imposed restrictions whereby the amount of the gift is to be held in perpetuity and only the income generated can be used as stipulated by the donor. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income taxes: The Organization is generally exempt from federal income taxes as a public charity under section 501(c)(3) of the Internal Revenue Code. The Organization files federal exempt income tax returns. Generally, the Organization is no longer subject to tax examinations by tax authorities beyond three years. There was no material unrelated business income for the years ended June 30, 2021 and 2020.

As of June 30, 2021, management evaluated the Organization's tax positions and concluded that the Organization had taken no uncertain tax provisions that require adjustment to the financial statements to comply with the provisions of the Income Taxes topic of the ASC.

Reclassified accounts: Certain 2020 balances in the report were reclassified to conform to the 2021 presentation. There was no effect on net assets.

Recent accounting pronouncement: In February 2016, the Financial Accounting Standards Board (FASB) issued ASU No. 2016-02, *Leases (Topic 842)*. While both lessees and lessors are affected by the new guidance, the effects on lessees are much more significant. The most significant change for lessees is the requirement under the new guidance to recognize right-of-use assets and lease liabilities for all leases not considered short-term leases. For short-term leases, lessees may elect an accounting policy by class of underlying asset under which right-of-use assets and lease liabilities are not recognized and lease payments are generally recognized as expense over the lease term on a straight-line basis. This change will result in lessees recognizing right-of-use assets and lease liabilities for most leases currently accounted for as operating leases under the legacy lease accounting guidance. The ASU will be effective for the Organization for the year beginning July 1, 2022. The Organization is currently evaluating the effect that the standard will have on its financial statements. The adoption of the standard is not expected to have a material effect on the Organization's financial statements.

In November 2018, the FASB issued ASU No. 2018-18, *Collaborative Arrangements (Topic 808): Clarifying the Interaction between Topic 808 and Topic 606*, which clarifies that certain transactions between participants in a collaborative arrangement should be accounted for under ASC Topic 606 when the counterparty is a customer. In addition, ASU 2018-18 precludes an entity from presenting consideration from a transaction in a collaborative arrangement as revenue from contracts with customers if the counterparty is not a customer for that transaction. This ASU is effective for the Organization beginning on July 1, 2021. The adoption of the standard is not expected to have a material effect on the Organization's financial statements.

In September 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*, which addresses the presentation and disclosure requirements for not-for-profit entities for contributed nonfinancial assets. This ASU is effective for the Organization in the fiscal year beginning on July 1, 2022. The Organization is currently evaluating the effect that the standard will have on its financial statements. The adoption of the standard is not expected to have a material effect on the Organization's financial statements.

Rochester Art Center

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Uncertainty: On January 30, 2020 the World Health Organization declared the coronavirus outbreak (COVID-19) a “Public Health Emergency of International Concern” and on March 11, 2020 declared COVID-19 a pandemic. The operations of the Organization could be negatively impacted by the outbreak of COVID-19 for an unknown period of time, and the outbreak may adversely impact the Organization’s financial position and operating results. Management is currently unable to determine the impact of this uncertainty.

Subsequent events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 17, 2022, the date the financial statements were available to be issued.

Note 2. Liquidity and Availability

Financial assets available for general operating use without donor or other restrictions limiting their use within one year of the statement of financial position date comprise the following as of June 30, 2021 and 2020:

	2021	2020
Financial assets:		
Cash	\$ 269,200	\$ 335,649
Employee retention credit receivable	78,017	-
	<u>347,217</u>	<u>335,649</u>
Less those unavailable for general expenditures within one year, due to:		
Restrictions by donor with time or purpose restrictions	-	(14,581)
Restrictions by donor to be held in perpetuity	(8,120)	(8,120)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 339,097</u>	<u>\$ 312,948</u>

As part of the Organization’s internal cash management process, the Organization aims to maintain operating liquidity balances of at least three months of operating expenses. In addition, the Organization regularly monitors the availability of resources required to manage liquidity.

Management of the timing of commitments and the use of financial assets available to the Organization is reviewed monthly by the board of directors. Further, the Organization prepares annual budgets to support this review process.

Rochester Art Center

Notes to Financial Statements

Note 3. Net Assets

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Time-restricted:		
Operations	\$ -	\$ 14,581
Time-restricted based on the life of the lease agreement:		
Leasehold interest in facility	5,250,864	5,419,341
	<u>5,250,864</u>	<u>5,433,922</u>
Net assets held in perpetuity:		
Endowment Fund: The fund was established in 2005 to support the long-term financial stability of the Organization.	1,100	1,100
John Riese Memorial Fund: The fund was established in 1994 to recognize high school students' excellence in art.	7,020	7,020
	<u>8,120</u>	<u>8,120</u>
Total net assets with donor restrictions	<u>\$ 5,258,984</u>	<u>\$ 5,442,042</u>

Note 4. Funds Held by Others

Rickee Henoch Art Fund: The Rickee Henoch Art Fund is a donor-designated fund established in 1989 to provide funding for the Organization in support of its programs, special events or other special needs relating to arts and education. The principal and investment of the funds are under the control of the Rochester Area Foundation, which has the ability to grant out the income of the fund to the Organization, and are not reflected in the Organization's financial statements. The total funds held by the Rochester Area Foundation as of June 30, 2021 and 2020, were \$60,774 and \$51,356, respectively. The Organization received \$1,124 and \$1,120 in distributions from this fund during the years ended June 30, 2021 or 2020, respectively.

Rochester Art Center Fund: The Rochester Art Center Fund is an agency endowment fund established by the Organization in 1998 to provide long-term sustainable endowment growth for the Organization. The principal and investment of the funds are under the control of the Rochester Area Foundation, which has the ability to grant out the income of the fund to the Organization, or other similar board-approved organizations, and are not reflected in the Organization's financial statements. The total funds held by the Rochester Area Foundation as of June 30, 2021 and 2020, were \$16,770 and \$13,464, respectively. The Organization did not receive any distributions from this fund during the years ended June 30, 2021 or 2020.

Note 5. Leasehold Interest in Facility and Concentration

The Organization completed a capital campaign to fund the construction of the Rochester Art Center facility, which was completed in 2004 and constructed on land owned by the City. The Organization exchanged the facility with the City for a 50-year lease. The lease terms are a \$1 annual fee through December 2052. This agreement was reported as a contribution, and as of June 30, 2021, is reported as an asset in the accompanying statements of financial position as a leasehold interest in facility. The Organization recognized a release from restriction and amortization of leasehold interest of \$168,477 during the years ended June 30, 2021 and 2020. The Organization is responsible for routine maintenance, and the City is responsible for major capital improvements.

Rochester Art Center

Notes to Financial Statements

Note 5. Leasehold Interest in Facility and Concentration (Continued)

The Organization receives a significant amount of support from the City in the form of other unrestricted contributions for operating activities and grants for minor facility improvements. For the years ended June 30, 2021 and 2020, the Organization recognized approximately \$260,103 and \$347,000, respectively, in grant revenues. The Organization did not recognize any support for facility repairs for the years ended June 30, 2021 or 2020. Support from the City represents approximately 47% and 59% of total support and revenues for the years ended June 30, 2021 and 2020, respectively.

During the year ended June 30, 2021, the Organization signed an agreement with the City and Experience Rochester (ER) to initiate a 'One Roof Concept' to streamline services and find efficiencies for city-owned assets and organizations on the Mayo Civic Center campus. This includes day-to-day operational services, maintenance, capital planning, food and beverage services, proactive sales and calendar management services. The City will fund any mission-driven funding as made available within the City annual budget. This agreement was set to end December 31, 2021; however, the Organization exercised its option to renew for two year renewal terms until otherwise terminated.

The Organization will receive 15% of gross event revenue on an increasing scale over the initial term of all ER events booked and serviced events at the Organization, and there are no associated costs with being a part of the One Roof Concept. As the terms of the One Roof Concept are renewed, the Organization will receive increased profit share for the events at the rates of 15%, 17% and 20% of gross revenues for the first, second and third renewals, respectively. ER is responsible for all expenses and to provide all equipment and services for these events. For the year ended June 30, 2021, there was no activity under the agreement other than approximately \$56,000 in contributed services.

Note 6. Employee Retention Credit

Under the provisions of the CARES Act and subsequent extension of the CARES Act, the Organization was eligible for a refundable employee retention credit subject to certain criteria. The Organization has determined that it has complied with all of the conditions required to qualify for the employee retention credits and, therefore, has recognized approximately \$78,000 and \$0 in employee retention credit for the years ended June 30, 2021 and 2020, respectively. The Organization has filed for refunds of the employee retention credits and has received \$0 in refunds and cannot reasonably estimate when it will receive any of the funds.

Rochester Art Center

Notes to Financial Statements

Note 7. Functional Expenses

The financial statements present certain expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied, such as major classes of program services and supporting activities that benefit from such costs. The expenses reported in the statement of activities and changes in net assets for the years ended June 30, 2021 and 2020, are supported by the following programs and functions:

	2021			Total Expenses
	Program Services	Supporting Services Fundraising Expenses	Management and General	
Salaries and wages	\$ 162,391	\$ 19,599	\$ 97,995	\$ 279,985
Payroll taxes	23,488	2,835	14,174	40,497
Employee benefits	1,093	131	660	1,884
Total salaries and related expenses	186,972	22,565	112,829	322,366
Equipment purchase and repair	5,999	1,333	5,999	13,331
Supplies	7,338	1,223	3,669	12,230
Postage and printing	786	707	78	1,571
Shipping and transportation	89	-	-	89
Advertising	8,981	-	676	9,657
Utilities	71,687	8,823	29,778	110,288
Computer and telephone	11,087	2,609	2,608	16,304
Dues and subscriptions	5,720	-	636	6,356
Miscellaneous	10,447	961	2,501	13,909
Contract services	8,793	-	25,026	33,819
Professional services	-	-	53,482	53,482
Bank and credit card fees	2,473	-	1,060	3,533
Insurance	11,710	-	11,710	23,420
Total operating expenses	332,082	38,221	250,052	620,355
Amortization of leasehold interest	158,361	3,378	6,738	168,477
Depreciation	3,026	64	130	3,220
Total other operating expenses	161,387	3,442	6,868	171,697
Total expenses	\$ 493,469	\$ 41,663	\$ 256,920	\$ 792,052

Rochester Art Center

Notes to Financial Statements

Note 7. Functional Expenses (Continued)

	2020			
	Program Services	Supporting Services		Total Expenses
		Fundraising Expenses	Management and General	
Salaries and wages	\$ 191,505	\$ 21,278	\$ 53,196	\$ 265,979
Payroll taxes	24,212	2,690	6,726	33,628
Employee benefits	2,217	246	616	3,079
Total salaries and related expenses	217,934	24,214	60,538	302,686
Equipment purchase and repair	1,448	-	20,704	22,152
Supplies	8,854	1,476	4,426	14,756
Postage and printing	-	-	1,710	1,710
Advertising	6,065	-	-	6,065
Utilities	108,532	2,315	4,618	115,465
Computer and telephone	9,494	202	404	10,100
Dues and subscriptions	349	-	6,644	6,993
Miscellaneous	1,771	-	1,171	2,942
Contract services	59,205	-	20,363	79,568
Travel	873	-	-	873
Professional services	-	-	54,988	54,988
Bank and credit card fees	515	-	1,147	1,662
Insurance	-	-	24,511	24,511
Total operating expenses	415,040	28,207	201,224	644,471
Amortization of leasehold interest	158,361	3,378	6,738	168,477
Depreciation	2,630	56	191	2,877
Total other operating expenses	160,991	3,434	6,929	171,354
Total expenses	\$ 576,031	\$ 31,641	\$ 208,153	\$ 815,825