













**CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2021  
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2020)

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 51,693	\$ (352,218)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense	466,863	465,752
Amortization of deferred debt issuance	98,292	103,214
Unrealized gain on Gatorade Trust	(627,040)	(72,960)
Donated property and equipment	-	(69,971)
Gain on forgiveness of debt	(25,938)	-
Forgiveness of Paycheck Protection Program loan	(189,427)	-
Change in the discount and allowance for uncollectible pledges	(3,195)	(36,196)
Increase (decrease) in cash resulting from change in:		
Prepaid expenses and other current assets	(57,812)	(683)
Pledges receivable	22,500	234,500
Employee retention credit receivable	(276,617)	-
Accounts payable and accrued expenses	107,379	11,815
Contract liability	29,262	(16,479)
Net cash flows from operating activities	<u>(404,040)</u>	<u>266,774</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	<u>(227,601)</u>	<u>(186,589)</u>
<b>Cash flows from financing activities:</b>		
Principal payments paid on notes payable	(25,953)	(30,780)
Borrowings on line of credit	66,250	-
Payments on line of credit	-	(15,619)
Proceeds from Paycheck Protection Program loan	<u>189,427</u>	<u>189,427</u>
Net cash flows from financing activities	<u>229,724</u>	<u>143,028</u>
Net change in cash	(401,917)	223,213
Cash, beginning of year	<u>599,385</u>	<u>376,172</u>
Cash, end of year	<u>\$ 197,468</u>	<u>\$ 599,385</u>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for interest	<u>\$ 151,811</u>	<u>\$ 153,456</u>
<b>Noncash investing and financing activities:</b>		
Modification of line of credit to a term promissory note	<u>\$ -</u>	<u>\$ 373,164</u>
Donated property and equipment	<u>\$ -</u>	<u>\$ (69,971)</u>

# CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### **Note 1—Nature of operations and summary of significant accounting policies**

*Nature of Operations* – Cade Museum Foundation, Inc. (“CMF”) is a nonprofit Florida corporation located in Gainesville, Florida. CMF’s mission is to transform communities by inspiring and equipping future inventors, entrepreneurs and visionaries by operation of the Cade Museum of Creativity and Invention (the “Museum”).

CMF established Cade Creativity Labs, Inc. (“CCLI”) on January 12, 2016, solely to support the charitable purposes, mission, goals, and activities of CMF, its sole member. As such, CCLI’s core activities include operating the Museum, providing entrepreneurial training, designing and implementing educational programs, and servicing notes payable for the benefit of CMF. CCLI and CMF share a similar governance structure and management team.

*Principles of Consolidation* – The accompanying consolidated financial statements include those of CMF and CCLI (collectively referred to hereinafter as the “Organization”). All significant inter-entity balances and transactions have been eliminated in consolidation.

*Basis of Presentation* – The accompanying consolidated 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”). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as without donor restrictions or with donor restrictions. The Organization records all revenues and gains that are spent in the same fiscal year as revenue without donor restrictions, if a donor restriction existed.

Net assets with donor restrictions are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by the actions of the Organization or by the passage of time. 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 are reported in the consolidated statement of activities as net assets released from restriction.

*Summarized Financial Information for 2020* – The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s consolidated financial statements for the year ended December 31, 2020, from which the summarized information was derived.

*Revenue Recognition* – See Note 2.

*Contributions* – Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

*Cash* – Approximately \$106,000 is a loan reserve established for payment of interest expense in compliance with the note payable agreements related to the New Market Tax Credit (“NMTTC”) Program (see Note 7) as of December 31, 2021.

# CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

*Pledges Receivable* – Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount rate used is the Organization's weighted average cost of capital applicable to the month in which the pledges are received. Amortization of the discounts is included in contribution revenue on the accompanying consolidated statement of activities. As of December 31, 2021, approximately \$193,000 gross of the outstanding pledges receivable are not collectible until future periods, and thus are reported as net assets with donor restriction. Management has determined that the discount on pledges is \$1,600 at December 31, 2021.

Management evaluates each pledge account on an individual basis to determine the accounts for which collection is doubtful. Management has determined that the allowance for doubtful accounts of approximately \$6,000 was adequate as of December 31, 2021; however, actual bad debts could exceed the established allowance.

*Concentration of Credit Risk* – The Organization places its cash on deposit with financial institutions principally in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Organization from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2021, the Organization deposits are below the insured amounts.

*Deferred Debt Issuance Costs* – Deferred debt issuance costs are reflected in the accompanying consolidated statement of financial position as a reduction to the notes payable balance. Deferred debt issuance costs are amortized over the term of the long-term debt as interest expense using a method that approximates the effective interest method. The Organization recorded approximately \$98,000 of amortization of deferred debt issuance costs as interest expense during the year ended December 31, 2021.

*Museum Collection* – The Organization capitalizes its collections. Additions are capitalized at cost if purchased and at estimated fair value at date of contribution if received by donation. Gains and losses on disposals of donated collections are recorded based on the presence or absence of donor restrictions placed on items at the date of donation. The Organization recognized no impairment losses during the year ended December 31, 2021.

*Gatorade Trust Split Interest Agreement* – The Gatorade Trust owns contractual rights to receive royalties from the sale of the Gatorade drink formula, sport endurance products, and the Gatorade trademark. The Gatorade Trust was formed pursuant to a trust agreement, as a grantor trust, on May 16, 1967, and was amended on May 23, 1967. Under the Gatorade Trust Agreement, after deducting and paying the current obligations of the Gatorade Trust and all necessary expenses incident to the administration of the Gatorade Trust, the trustee is required to distribute income to the beneficiaries according to their ownership interests.

In November 2005, the Cade Family Trust transferred .600 of one unit of beneficial interest in the Gatorade Trust to CMF.

The Organization's beneficial interest in the Gatorade Trust is reported at fair value using the capitalization of cash flow method. Royalty income received from the trust is reflected in the consolidated statement of activities and is being used to fund the operations of the Organization. During the year ended December 31, 2021, the Organization recognized approximately \$627,000 of unrealized gains.

*Property and Equipment* – Property and equipment purchased with an original cost of \$500 or more are recorded at cost. Donated property and equipment having a fair value of \$500 or more are recorded at their estimated fair value on the date of donation. Property and equipment are depreciated using the straight-line method of depreciation over the estimated useful lives of the assets, which range from 3 to 40 years. Maintenance and repairs are expensed as incurred.

# CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### Note 1—Nature of operations and summary of significant accounting policies (continued)

*Donated Services* – Donated services are only recorded if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. Other volunteer services are not recorded as revenue and expense since they do not create or enhance financial assets or require specialized skills. There was approximately \$12,000 of in-kind donations during the year ended December 31, 2021, included in contribution and grant revenue in the consolidated statement of activities.

*Income Taxes* – The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Florida Statutes. Management believes that CMF and CCLI continue to satisfy the requirements of tax-exempt organizations as of December 31, 2021.

*Functional Allocation of Expenses* – The consolidated financial statements report certain categories of expenses that are attributable to program and supporting activities (see Note 11). Expenses are allocated between program services and supporting services based upon time and effort incurred with the exception of occupancy costs, which is allocated based on square footage utilized for certain functions.

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

*Subsequent Events* – The Organization has evaluated subsequent events through April 19, 2022, in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued (see Note 14).

### Note 2—Revenue

Revenue is recognized when the Organization transfers the promised goods or services to a customer in an amount that reflects consideration that is expected to be received for those goods and services.

*Contract Balances* – Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities on the accompanying consolidated statement of financial position totaled approximately \$61,000 as of December 31, 2021, and is primarily amounts paid in advance relating to annual memberships of the Museum which are deferred and recognized over the membership period. The Organization does not have contract assets as of December 31, 2021.

*Performance Obligations* – A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. The transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's revenue resulting from contracts with customers consists of revenue from membership and admissions, gift shop, educational programs, and facility rentals. The contract performance obligation for daily admissions, gift shop, educational programs, and facility rentals is generally satisfied at the time these services are provided or when a good is transferred to the customer. The contract performance obligation for annual memberships of the Museum is performed over the membership period.

*Revenue Recognition* – Revenue (daily admissions, gift shop, educational programs, and facility rentals) is recognized as services are performed or products are delivered with the exception of annual memberships paid by customers. Memberships paid by customers are recognized over the contractual term of the membership as management believes this approximates the pattern of use.

# CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

### Note 2—Revenue (continued)

*Practical Expedients and Exemptions* – The Organization has elected to apply a practical expedient to treat similar contracts as part of a portfolio of contracts. The contracts have the same provision terms and management has the expectation that the result will not be materially different from the consideration of each individual contract.

### Note 3—Fair value measurements

The Organization records certain assets at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (an exit price) as opposed to the price that would be paid to acquire the asset or received to assume the liability (an entry price). A fair value measure should reflect the assumptions that market participants would use in pricing the asset or liability, including the assumptions about the risk inherent in a particular valuation technique, the effect of a restriction on the sale or use of an asset, and the risk of nonperformance. A fair value hierarchy is utilized which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

Three levels may be used to measure fair value:

*Level 1* – Inputs to the valuation methodology are quoted prices available in active markets for identical assets or liabilities.

*Level 2* – Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

*Level 3* – Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2021 from prior years. The only asset measured at fair value is the Investment in Gatorade Trust, which is valued using the income approach as reported by the Organization. The income approach falls under Level 3 of the fair value hierarchy.

The following table presents changes in the Organization's Level 3 assets measured at fair value on a recurring basis for the year ended December 31, 2021:

	<b>Investment in Gatorade Trust</b>
Balance, January 1, 2021	\$ 3,188,960
Unrealized gain relating to assets still held at the reporting date	627,040
Balance, December 31, 2021	<u>\$ 3,816,000</u>

Significant inputs used to determine the fair value of the Organization's interest in the Gatorade Trust using the capitalization of cash flow method include a 12.0% average cost of capital rate, a 2.5% sustainable growth rate, and a 24% marketability discount rate.

**CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2021

**Note 4—Pledges receivable**

The pledges receivable at December 31, 2021 are unconditional pledges due in future years as follows:

One year or less	\$ 160,500
One to five years	72,500
	<u>233,000</u>
Less discounts to net present value	(1,601)
Less allowance for uncollectible pledges	<u>(5,825)</u>
Pledges receivable, net	<u><u>\$ 225,574</u></u>

The Organization discounted the pledges receivable to net present value using discount rates ranging from 1% to 3%.

**Note 5—Related party transactions**

During the year ended December 31, 2021, the Organization received contributions from certain members of the Board of Directors totaling approximately \$119,000. As of December 31, 2021, approximately \$9,500, of outstanding pledges receivable are from prior year pledge commitments from certain members of the Board of Directors.

The Organization additionally has amounts due to related parties in the form of notes payable (see Note 8).

**Note 6—Property and equipment**

Property and equipment consist of the following at December 31, 2021:

Land	\$ 29,125
Building and improvements	12,259,413
Equipment	582,412
Exhibit design	1,058,833
Construction in progress	<u>259,657</u>
	14,189,440
Less accumulated depreciation	<u>(1,771,992)</u>
	<u><u>\$ 12,417,448</u></u>

Depreciation expense for the year ended December 31, 2021 was approximately \$467,000.

# CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### Note 7—New market tax credit transactions

During 2016, the Organization entered into a state and federal NMTC transaction to assist with construction of the Museum. The NMTC programs were established as part of the Community Renewal Tax Relief Act of 2000. The goal of NMTC programs is to spur revitalization efforts of low-income and impoverished communities across the United States and its territories by providing tax credit incentives to investors in certified community development entities. The tax credit for investors equals 39% of the investment, which they receive over a seven-year period. A community development entity (“CDE”) is required to participate and has the primary mission of providing financing for revitalization projects in low-income communities.

As a part of the new market tax credit transactions, CCLI issued three notes in March 2016 totaling \$9,500,000 to FCNMF 20, LLC (a CDE). The notes are collateralized by the Museum and pledge agreements and are also guaranteed by CMF. The notes require quarterly interest payments of a fixed rate of 1.36% per annum until December 2023. Thereafter, annual principal and interest payments totaling approximately \$207,000 are due until maturity in December 2050. Deferred debt issuance costs related to the notes totaled approximately \$677,000 (see Note 1) of which approximately \$116,000 remains unamortized as of December 31, 2021. The notes contain certain nonfinancial covenants which require management’s representations that the loans will be utilized for the stated purpose of constructing the Museum and that the Organization will continue to qualify as a “qualified low-income community investment” based on the ongoing activities of the Organization and its continuing mission.

In conjunction with the financing transaction, CMF provided a loan of \$5,222,400 to Chase NMTC FL State Investment Fund, LLC (“Chase”) (combined with the community development financial institution is hereinafter referred to as the “unaffiliated investment structure”). The loan is evidenced by a promissory note from Chase, carrying an interest rate of 1.225% per annum, and quarterly interest only payments until June 2023, at which point Chase will be required to pay quarterly principal and interest payments totaling \$185,478 through maturity of the note on June 1, 2039.

As part of the NMTC transaction, CMF formed CCLI as a supporting organization and made an equity contribution in CCLI of \$1,196,037. The contribution is eliminated in consolidation. After seven years, the financial institutions which own the unaffiliated investment structure may elect to satisfy all obligations by assigning to CMF the pledged collateral (assignment put) for a put price of \$1,000 for each of the federal and state unaffiliated investment structures. If the institutions do not exercise the put right, CMF may call the interest in the investment structures for a call price equal to the fair value of the investments. Exercise of the put or call will provide CMF with ownership of the unaffiliated investment structure.

If there is a breach of the NMTC note agreements resulting in the recapture of all or part of the new market tax credits claimed by financial institutions associated with the unaffiliated investment structure, the Organization has agreed to pay the amount equal to the sum of the credits recaptured.

# CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### Note 8—Notes payable

The Organization's notes payable balance consists of the following in addition to the NMTC financing discussed in Note 7:

*Mortgage Note* – In September 2017, the Organization's mortgage note was refinanced with a principal amount of approximately \$213,000 bearing interest at a fixed rate of 3.75%, with the possibility of new interest rate becoming effective after the first 120 months. The note requires monthly principal and interest payments of approximately \$1,300 and is collateralized by the Organization's primary office location. Debt issuance costs related to the mortgage note totaled approximately \$7,000 of which approximately \$6,000 remains unamortized as of December 31, 2021. The Organization had approximately \$180,000 of principal outstanding on the mortgage note as of December 31, 2021.

*Related Party Note Payable* – The Organization issued a \$500,000 note payable to a board member of the Organization on March 14, 2016 with a maturity date of September 1, 2023 and interest payable annually at a fixed rate of 0.65%. The Organization had approximately \$75,000 of principal outstanding on the related party note payable as of December 31, 2021.

*Promissory Note* – In January 2018, the Organization entered into a non-revolving line of credit ("NRLOC") agreement with a bank which provided borrowings up to \$500,000 and was expected to mature in January 2025. The NRLOC required interest only payments through February 2020 at which time the borrowed balance on the note began to amortize through maturity. The NRLOC bore an initial variable interest rate of 4.50% which is subject to change every 60 months based on the Wall Street Journal U.S. Prime Rate (4.25% as of December 31, 2021). In April 2020, the Organization converted the NRLOC outstanding balance of approximately \$373,000 into a promissory note with a maturity date of January 16, 2025. The promissory note bears an interest rate of 4.50%. The note requires monthly principal and interest payments of approximately \$2,800 with a final estimated payment of \$284,000. Debt issuance costs related to the NRLOC totaled approximately \$8,000 of which approximately \$3,500 remains unamortized as of December 31, 2021. As of December 31, 2021, the Organization had approximately \$343,000 of principal outstanding on the promissory note, and incurred interest expense of approximately \$16,000 during the year ended December 31, 2021.

*Line of Credit*– In December 2021, the Organization entered into a revolving line of credit ("RLOC") agreement with a bank which provided borrowings up to \$150,000 and was expected to mature in January 2025. The RLOC has an initial variable interest rate of 3.25% which is subject to change based on the Wall Street Journal U.S. Prime Rate (4.25% as of December 31, 2021). As of December 31, 2021 the Organization has approximately \$66,000 outstanding on the RLOC.

*Paycheck Protection Program Loan* – In April 2020, the Company applied for and received funding for a loan of approximately \$189,000 provided by the U.S. Small Business Administration ("SBA") Paycheck Protection Program ("PPP"), which is part of the Coronavirus Aid, Relief, and Economic Security Act. The Company applied for forgiveness with the SBA in which on January 13, 2021, the SBA had forgiven the PPP loan in full. As a result, the Organization recognized \$189,000 to forgiveness of Paycheck Protection Program loan on the consolidated statement of activities for the year ended December 31, 2021.

*PPP Note Payable (Round 2)* – In February 2021, the Organization received approximately \$189,000 of proceeds from a note payable funded under "Round 2" of the PPP. The note bears interest at 1% per annum, matures in January 2026, and requires monthly interest and principal payments of approximately \$3,900 beginning in March 2022 and through maturity. The currently issued guidelines of the program allow for the loan proceeds to be forgiven if certain requirements are met. Any loan proceeds not forgiven will be repaid in full.

**CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2021

**Note 8—Notes payable (continued)**

Future maturities of notes payable, including the \$9,500,000 note discussed in Note 7 are as follows:

<u>Years Ending December 31,</u>	
2022	\$ 77,049
2023	9,656,382
2024	85,254
2025	312,004
2026	15,328
Thereafter	142,138
	<hr/>
	10,288,155
Deferred financing costs	(126,257)
	<hr/>
	<u>\$ 10,161,898</u>

Interest expense relating to notes payable for the year ended December 31, 2021 was approximately \$153,000.

The RLOC is due on demand and thus classified as a current liability on the consolidated statement of net assets for the year ending December 31, 2021.

**Note 9—Land lease**

The Organization executed a land lease with the city of Gainesville for the purpose of constructing and operating the Museum, to promote creativity and invention at Depot Park. The lease began on July 3, 2015, with a lease term of 50 years at a rate of \$1 per year. The lease was amended and restated on March 8, 2016, with a new term of 75 years and no required monetary rent payment; however, the Organization is required to operate the Museum to continually provide benefit to the community.

**Note 10—Liquidity and availability of resources**

Management has budgeted approximately \$2,888,000 of operating expenses to be paid within one year of the consolidated statement of financial position date. The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses and may invest cash in excess of requirements in a short-term money market investment. The Organization relies on contribution and grant revenue, royalty income generated from its Gatorade Trust, and other revenue from museum operations to pay operating expenses. Contribution and grant revenue for the year ended December 31, 2021, was approximately \$1,173,000. Gatorade Trust royalties for the year ended December 31, 2021, was approximately \$539,000. Management actively monitors operating expenses and cash needs, and will adjust programs and activities, if necessary.

**CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

DECEMBER 31, 2021

**Note 10—Liquidity and availability of resources (continued)**

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2021 consist of the following:

Financial assets as of year-end:

Cash	\$ 197,468
Pledges receivable, net	225,574
Employee retention credit receivable	276,617
Receivables (included in prepaid expenses and other current assets)	87,462
	<u>787,121</u>

Less those unavailable for general expenditures within one year, due to contractual or donor-imposed restrictions:

Restricted by donor with time restrictions	(22,500)
Restricted by donor with purpose restrictions	(60,597)
Restricted for loan reserve	(106,493)
	<u>(189,590)</u>

Financial assets available to meet cash needs for general expenditures within one year

\$ 597,531

**Note 11—Functional allocation of expenses**

The cost of providing certain activities of the Organization have been summarized on a functional basis below.

	Program Services			Supporting Services			Total
	Museum Activities	Total Program Services	Membership Development	Management and General	Fundraising	Total Supporting Services	
Personnel	\$ 834,835	\$ 834,835	\$ 12,596	\$ 212,663	\$ 13,745	\$ 239,004	\$ 1,073,839
Professional fees and services	115,301	115,301	-	309,866	9,244	319,110	434,411
Travel, meeting, and events	98,191	98,191	999	8,857	28,835	38,691	136,882
Operating supplies and equipment	233,805	233,805	2,877	32,935	4,182	39,994	273,799
Occupancy	207,357	207,357	2,201	8,356	2,200	12,757	220,114
Depreciation	446,187	446,187	4,669	11,338	4,669	20,676	466,863
Interest expense	226,070	226,070	2,344	21,128	2,344	25,816	251,886
Other	80,604	80,604	-	10,117	-	10,117	90,721
	<u>\$ 2,242,350</u>	<u>\$ 2,242,350</u>	<u>\$ 25,686</u>	<u>\$ 615,260</u>	<u>\$ 65,219</u>	<u>\$ 706,165</u>	<u>\$ 2,948,515</u>

For the year ended December 31, 2021, approximately \$183,000 of advertising expenses are included in management and general expenses, of which \$140,000 were reimbursed by state and local grants specifically intended for advertising efforts.

# CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2021

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### **Note 12—Employee benefit plan**

The Organization established a 401(k) plan (the “Plan”) effective July 1, 2020, covering employees who have attained 18 years of age and completed three months of service. Under the Plan, participants may contribute up to 100% of their annual compensation, up to legal limits, and the Company may provide a discretionary match. No discretionary employer match was provided for the year ended December 31, 2021.

### **Note 13—Employee Retention Credit**

The Employee Retention Credit (“ERC”) under the CARES Act is a refundable tax credit that encourages businesses to keep employees on the payroll during the COVID-19 pandemic. Eligible employers can qualify for up to \$7,000 of credit for each employee based on qualified wages paid after December 31, 2020 and before January 1, 2022. Qualified wages are the wages paid to an employee during an economic hardship, specifically, either (1) a full or partial suspension of operations by order of a governmental authority due to COVID-19 or (2) a significant decline in gross receipts. The Company recorded approximately \$277,000 of ERCs during 2021. These credits are recorded as employee retention credit receivable on the accompanying consolidated statement of financial position and the revenue is recorded as a reduction to payroll expense on the accompanying consolidated statement of activities. On March 29, 2022, the Organization received notification that the ERC credit was paid in full.

### **Note 14—Subsequent event**

*PPP Loan Forgiveness (Round 2)* – The Organization received notification that the SBA has forgiven its PPP loan on February 9, 2022.

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**SUPPLEMENTARY INFORMATION**

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**CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION**

DECEMBER 31, 2021

	<u>Cade Museum Foundation, Inc.</u>	<u>Cade Creativity Labs, Inc.</u>	<u>Elimination Entries</u>	<u>Consolidated Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 63,822	\$ 133,646	\$ -	\$ 197,468
Current portion of pledges receivable, net	160,500	-	-	160,500
Employee retention credit receivable	-	276,617	-	276,617
Prepaid expenses and other current assets	147,929	179,749	(176,743)	150,935
Total Current Assets	<u>372,251</u>	<u>590,012</u>	<u>(176,743)</u>	<u>785,520</u>
Property and equipment, net	<u>692,995</u>	<u>11,724,453</u>	<u>-</u>	<u>12,417,448</u>
Other Assets:				
Pledges receivable, net, less current portion	65,074	-	-	65,074
Investment in Gatorade Trust	3,816,000	-	-	3,816,000
Museum collection	536,095	5,600	-	541,695
Note receivable	5,222,400	-	-	5,222,400
Total Other Assets	<u>9,639,569</u>	<u>5,600</u>	<u>-</u>	<u>9,645,169</u>
<b>Total Assets</b>	<u>\$ 10,704,815</u>	<u>\$ 12,320,065</u>	<u>\$ (176,743)</u>	<u>\$ 22,848,137</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Line of Credit	\$ 66,250	\$ -	\$ -	\$ 66,250
Current portion of Payment Protection Program loan	-	44,746	-	44,746
Current portion of notes payable	32,303	-	-	32,303
Accounts payable and accrued expenses	60,955	358,930	(176,743)	243,142
Deferred revenue	-	60,736	-	60,736
Total Current Liabilities	<u>159,508</u>	<u>464,412</u>	<u>(176,743)</u>	<u>447,177</u>
Payment Protection Program loan, less current portion	-	144,681	-	144,681
Notes payable, less current portion and unamortized deferred debt issuance costs	<u>557,078</u>	<u>9,383,090</u>	<u>-</u>	<u>9,940,168</u>
Total Liabilities	<u>716,586</u>	<u>9,992,183</u>	<u>(176,743)</u>	<u>10,532,026</u>
Net Assets	<u>9,988,229</u>	<u>2,327,882</u>	<u>-</u>	<u>12,316,111</u>
Total Net Assets	<u>9,988,229</u>	<u>2,327,882</u>	<u>-</u>	<u>12,316,111</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 10,704,815</u>	<u>\$ 12,320,065</u>	<u>\$ (176,743)</u>	<u>\$ 22,848,137</u>

**CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF FINANCIAL POSITION INFORMATION**

DECEMBER 31, 2020

	<u>Cade Museum Foundation, Inc.</u>	<u>Cade Creativity Labs, Inc.</u>	<u>Elimination Entries</u>	<u>Consolidated Total</u>
<b>ASSETS</b>				
Current Assets:				
Cash	\$ 390,752	\$ 208,633	\$ -	\$ 599,385
Current portion of pledges receivable, net	143,000	25,000	-	168,000
Prepaid expenses and other current assets	145,909	83,089	(135,875)	93,123
Total Current Assets	<u>679,661</u>	<u>316,722</u>	<u>(135,875)</u>	<u>860,508</u>
Property and equipment, net	<u>696,493</u>	<u>11,960,217</u>	<u>-</u>	<u>12,656,710</u>
Other Assets:				
Pledges receivable, net, less current portion	76,879	-	-	76,879
Investment in Gatorade Trust	3,188,960	-	-	3,188,960
Museum collection	536,095	5,600	-	541,695
Note receivable	5,222,400	-	-	5,222,400
Total Other Assets	<u>9,024,334</u>	<u>5,600</u>	<u>-</u>	<u>9,029,934</u>
<b>Total Assets</b>	<u>\$ 10,400,488</u>	<u>\$ 12,282,539</u>	<u>\$ (135,875)</u>	<u>\$ 22,547,152</u>
<b>LIABILITIES AND NET ASSETS</b>				
Current Liabilities:				
Current portion of Payment Protection Program loan	\$ -	\$ 94,556	\$ -	\$ 94,556
Current portion of notes payable	28,891	-	-	28,891
Accounts payable and accrued expenses	32,328	239,310	(135,875)	135,763
Deferred revenue	-	31,474	-	31,474
Total Current Liabilities	<u>61,219</u>	<u>365,340</u>	<u>(135,875)</u>	<u>290,684</u>
Payment Protection Program loan, less current portion	-	94,871	-	94,871
Notes payable, less current portion and unamortized deferred debt issuance costs	<u>610,841</u>	<u>9,286,338</u>	<u>-</u>	<u>9,897,179</u>
Total Liabilities	<u>672,060</u>	<u>9,746,549</u>	<u>(135,875)</u>	<u>10,282,734</u>
Net Assets	<u>9,728,428</u>	<u>2,535,990</u>	<u>-</u>	<u>12,264,418</u>
Total Net Assets	<u>9,728,428</u>	<u>2,535,990</u>	<u>-</u>	<u>12,264,418</u>
<b>Total Liabilities and Net Assets</b>	<u>\$ 10,400,488</u>	<u>\$ 12,282,539</u>	<u>\$ (135,875)</u>	<u>\$ 22,547,152</u>

**CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES INFORMATION**

YEAR ENDED DECEMBER 31, 2021

	<u>Cade Museum Foundation, Inc.</u>	<u>Cade Creativity Labs, Inc.</u>	<u>Elimination Entries</u>	<u>Consolidated Total</u>
Revenue, Gains, and Other Support:				
Gatorade Trust royalties	\$ 539,532	\$ -	\$ -	\$ 539,532
Contribution and grant revenue	821,883	351,527	-	1,173,410
Membership and admissions	-	114,715	-	114,715
Educational programs	-	152,736	-	152,736
Gift shop	-	40,297	-	40,297
Facility rental income	-	93,818	-	93,818
Other income	66,109	1,568,440	(1,565,316)	69,233
Forgiveness on Payment Protection Program loan	-	189,427	-	189,427
Unrealized gain on Gatorade Trust	627,040	-	-	627,040
Total Revenue, Gains, and Other Support	<u>2,054,564</u>	<u>2,510,960</u>	<u>(1,565,316)</u>	<u>3,000,208</u>
Expenses:				
Program Services:				
Museum activities	160,613	2,081,737	-	2,242,350
Support Services:				
Membership development	928	24,758	-	25,686
Management and general	56,467	558,793	-	615,260
Fundraising	11,439	53,780	-	65,219
Total Support Activities	<u>68,834</u>	<u>637,331</u>	<u>-</u>	<u>706,165</u>
Total Expenses	<u>229,447</u>	<u>2,719,068</u>	<u>-</u>	<u>2,948,515</u>
Contribution from Cade Museum Foundation, Inc. to Cade Creativity Labs, Inc.	<u>1,565,316</u>	<u>-</u>	<u>(1,565,316)</u>	<u>-</u>
Change in net assets	259,801	(208,108)	-	51,693
Net assets, beginning of year	9,728,428	2,535,990	-	12,264,418
Net assets, end of year	<u>\$ 9,988,229</u>	<u>\$ 2,327,882</u>	<u>\$ -</u>	<u>\$ 12,316,111</u>

**CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY**  
**CONSOLIDATING STATEMENT OF ACTIVITIES INFORMATION**

YEAR ENDED DECEMBER 31, 2020

	<u>Cade Museum Foundation, Inc.</u>	<u>Cade Creativity Labs, Inc.</u>	<u>Elimination Entries</u>	<u>Consolidated Total</u>
Revenue, Gains, and Other Support:				
Gatorade Trust royalties	\$ 477,405	\$ -	\$ -	\$ 477,405
Contribution and grant revenue	1,140,911	311,472	-	1,452,383
Membership and admissions	2,018	85,398	-	87,416
Educational programs	-	93,450	-	93,450
Gift shop	-	20,483	-	20,483
Facility rental income	-	60,174	-	60,174
Other income	64,259	1,364,791	(1,354,488)	74,562
Unrealized gain on Gatorade Trust	72,960	-	-	72,960
Total Revenue, Gains, and Other Support	<u>1,757,553</u>	<u>1,935,768</u>	<u>(1,354,488)</u>	<u>2,338,833</u>
Expenses:				
Program Services:				
Museum activities	117,555	1,985,073	-	2,102,628
Support Services:				
Membership development	1,042	33,705	-	34,747
Management and general	52,026	468,775	-	520,801
Fundraising	1,455	27,420	-	28,875
Total Support Activities	<u>54,523</u>	<u>529,900</u>	<u>-</u>	<u>584,423</u>
Total Expenses	<u>172,078</u>	<u>2,514,973</u>	<u>-</u>	<u>2,687,051</u>
Contribution from Cade Museum Foundation, Inc. to Cade Creativity Labs, Inc.	<u>1,354,488</u>	<u>-</u>	<u>(1,354,488)</u>	<u>-</u>
Change in net assets	226,987	(579,205)	-	(352,218)
Net assets, beginning of year	9,501,441	3,115,195	-	12,616,636
Net assets, end of year	<u>\$ 9,728,428</u>	<u>\$ 2,535,990</u>	<u>\$ -</u>	<u>\$ 12,264,418</u>