



Ryman-Carroll Foundation dba Ryman Arts
Audited Financial Statements
As of and for the Years Ended December 31, 2021 and 2020
with Independent Auditor's Report



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Independent Auditor's Report

**Board of Directors
Ryman-Carroll Foundation dba Ryman Arts
Los Angeles, California**

Opinion

We have audited the financial statements of the Ryman-Carroll Foundation dba Ryman Arts (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Ryman-Carroll Foundation dba Ryman Arts as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Ryman-Carroll Foundation dba Ryman Arts and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 8 and 9 to the financial statements, the 2020 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Ryman-Carroll Foundation dba Ryman Arts' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Ryman - Carroll Foundation dba Ryman Arts' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

**Glendale, California
November 15, 2022**

Ryman-Carroll Foundation dba Ryman Arts
Statements of Financial Position

	December 31	
	2021	2020
ASSETS		
Cash and cash equivalents	\$ 655,929	\$ 480,075
Promises to give, net	5,000	22,656
Grants receivable	116,170	25,090
Other receivables	1,761	1,761
Prepaid expenses and other assets	16,464	31,836
Inventories	2,914	5,395
Endowment:		
Promises to give	13,656	44,000
Investments	3,348,981	2,943,027
Property and equipment, net	14,524	19,365
Total assets	\$ 4,175,399	\$ 3,573,205
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued expenses	\$ 55,413	\$ 105,011
Total liabilities	55,413	105,011
Net Assets		
Without donor restrictions, as restated	662,349	396,030
With donor restrictions, as restated	3,457,637	3,072,164
Total net assets	4,119,986	3,468,194
Total liabilities and net assets	\$ 4,175,399	\$ 3,573,205

See notes to financial statements.

Ryman-Carroll Foundation dba Ryman Arts
Statement of Activities
Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Private grants	\$ 232,162	\$ 163,250	\$ 395,412
Government grants	205,085	25,000	230,085
Contributions	625,387	95,780	721,167
In-kind contributions	18,318	-	18,318
Books sales (net of costs of books sold of \$1,460)	3,416	-	3,416
Other revenues	2,125	-	2,125
Net assets released from restrictions:			
Satisfaction of program and time restrictions	111,250	(111,250)	-
Write-off of prior year receivable	5,000	(5,000)	-
Endowment/Investment return designated and released for current operations	106,149	-	106,149
Total revenues, gains and other support before special events	1,308,892	167,780	1,476,672
Special events			
Special events revenue	23,712	-	23,712
Special events expense	7,222	-	7,222
Total special events	30,934	-	30,934
Total revenues, gains and other support	1,339,826	167,780	1,507,606
Expenses			
Program services	752,797	-	752,797
Management and general	144,220	-	144,220
Fundraising	157,679	-	157,679
Total expenses	1,054,696	-	1,054,696
Change in net assets from operations	285,130	167,780	452,910
Non operating income (expense)			
Investment income (loss)			
Dividends and interest income	-	219,642	219,642
Net realized and unrealized gains on investments	-	104,200	104,200
Investment expenses	(18,811)	-	(18,811)
Net investment income (loss)	(18,811)	323,842	305,031
Less investment income designated and released for current operations	-	(106,149)	(106,149)
Investment income reduced by the portion of cumulative net investment income designated for current operations	(18,811)	217,693	198,882
Change in net assets	266,319	385,473	651,792
Net assets, beginning of year, as restated	396,030	3,072,164	3,468,194
Net assets, end of year	\$ 662,349	\$ 3,457,637	\$ 4,119,986

See notes to financial statements.

Ryman-Carroll Foundation dba Ryman Arts
Statement of Activities
Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support			
Private grants	\$ 212,751	\$ 78,350	\$ 291,101
Government grants	227,750	9,290	237,040
Contributions	568,499	110,270	678,769
In-kind contributions	20,771	-	20,771
Other revenues	4,531	-	4,531
Net assets released from restrictions:			
Satisfaction of program and time restrictions	225,040	(225,040)	-
Write-off of prior year receivable	5,000	(5,000)	-
Endowment/Investment return designated and released for current operations	123,705	-	123,705
Total revenues, gains and other support before special events	1,388,047	(32,130)	1,355,917
Special events			
Special events revenue	99,599	\$ -	99,599
Special events expense	(333)	-	(333)
Net special events	99,266	-	99,266
-			
Total revenues, gains and other support	1,487,313	(32,130)	1,455,183
Expenses			
Program services	744,925	-	744,925
Management and general	153,410	-	153,410
Fundraising	168,203	-	168,203
Total expenses	1,066,538	-	1,066,538
Change in net assets from operations	420,775	(32,130)	388,645
Non operating income (expense)			
Investment income (loss)			
Dividends and interest income	-	132,284	132,284
Net realized and unrealized gains on investments	-	64,723	64,723
Investment expenses	(14,866)	-	(14,866)
Net investment income (loss)	(14,866)	197,007	182,141
Less endowment/investment return designated and released for current operations	-	(123,705)	(123,705)
Investment income reduced by the portion of cumulative net investment income designated for current operations	(14,866)	73,302	58,436
Change in net assets	405,909	41,172	447,081
Net assets, beginning of year, as restated	(9,879)	3,030,992	3,021,113
Net assets, end of year, as restated	\$ 396,030	\$ 3,072,164	\$ 3,468,194

See notes to financial statements.

Ryman-Carroll Foundation dba Ryman Arts
Statement of Functional Expenses
Year ended December 31, 2021

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel cost				
Salaries	\$ 480,447	\$ 76,243	\$ 111,823	\$ 668,513
Payroll taxes and employee benefits	<u>102,162</u>	<u>19,525</u>	<u>22,550</u>	<u>144,237</u>
	582,609	95,768	134,373	812,750
Other expenses				
Accounting	-	15,080	-	15,080
Art class supplies	47,765	226	244	48,235
Awards	500	-	-	500
Computer expense	20,447	3,271	3,544	27,262
Depreciation	3,631	581	629	4,841
Equipment rental and maintenance	3,305	529	573	4,407
In-kind expenses	18,318	-	-	18,318
Insurance	8,774	1,404	1,521	11,699
Miscellaneous	5,332	7,325	783	13,440
Payroll service fees	2,527	404	438	3,369
Postage and shipping	-	1,930	1,287	3,217
Printing and copying	1,412	-	1,202	2,614
Professional fees	11,060	10,238	5,027	26,325
Rent	43,627	6,980	7,562	58,169
Telephone	2,861	458	496	3,815
Travel, parking and mileage	<u>629</u>	<u>26</u>	<u>-</u>	<u>655</u>
	<u>\$ 752,797</u>	<u>\$ 144,220</u>	<u>\$ 157,679</u>	<u>\$ 1,054,696</u>

See notes to financial statements.

Ryman-Carroll Foundation dba Ryman Arts
Statement of Functional Expenses
Year ended December 31, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel cost				
Salaries	\$ 438,372	\$ 83,588	\$ 107,992	\$ 629,952
Payroll taxes and employee benefits	90,904	19,717	24,871	135,492
	<u>529,276</u>	<u>103,305</u>	<u>132,863</u>	<u>765,444</u>
Other expenses				
Accounting	-	15,970	-	15,970
Art class supplies	49,429	143	187	49,759
Awards	1,500	-	-	1,500
Computer expense	63,960	11,879	15,533	91,372
Depreciation	3,389	629	823	4,841
Equipment rental and maintenance	3,024	562	734	4,320
In-kind expenses	20,771	-	-	20,771
Insurance	8,621	1,601	2,094	12,316
Miscellaneous	6,540	5,824	881	13,245
Payroll service fees	2,373	441	576	3,390
Postage and shipping	359	3,684	528	4,571
Printing and copying	3,926	778	-	4,704
Professional fees	8,882	720	3,555	13,157
Rent	39,683	7,370	9,637	56,690
Telephone	2,716	504	660	3,880
Travel, parking and mileage	476	-	132	608
	<u>\$ 744,925</u>	<u>\$ 153,410</u>	<u>\$ 168,203</u>	<u>\$ 1,066,538</u>

See notes to financial statements.

Ryman-Carroll Foundation dba Ryman Arts
Statements of Cash Flows

	Years ended December 31	
	2021	2020
Cash flows from operating activities		
Change in net assets	\$ 651,792	\$ 447,081
Adjustments to reconcile change in net assets to net provided by operating activities		
Depreciation	4,841	4,841
Amortization of discount on pledges receivable	-	(1,072)
Write-off of prior year receivable	5,000	5,000
Non-cash contributions	-	(10,673)
Contributions restricted for long-term investments	(95,780)	(110,270)
Net realized and unrealized gains on investments	(104,200)	(64,723)
Changes in assets and liabilities:		
Promises to give	43,000	112,399
Grants receivable	(91,080)	(10,030)
Prepaid expenses and other assets	15,372	(10,723)
Inventories	2,481	515
Accounts payable and accrued expenses	(49,598)	31,061
Net cash provided by operating activities	381,828	393,406
Cash flows from investing activities		
Proceeds from sale of investments	157,762	799,254
Purchases of investments	(480,775)	(1,040,076)
Proceeds from partnership interests in capital distributions	21,259	9,737
Purchases of property and equipment	-	(24,206)
Net cash used in investing in activities	(301,754)	(255,291)
Cash flow from financing activity		
Contributions restricted for long-term investments	95,780	110,270
Cash provided by financing activity	95,780	110,270
Net increase in cash and cash equivalents	175,854	248,385
Cash and cash equivalents, beginning of year	480,075	231,690
Cash and cash equivalents, end of year	\$ 655,929	\$ 480,075

See notes to financial statements.

NOTE 1 NATURE OF ORGANIZATION

Ryman-Carroll Foundation dba Ryman Arts (Ryman Arts) transforms lives by creating access and opportunity for a diverse community of young artists through rigorous education in fundamental art skills and mentoring. Since 1990, Ryman Arts has taught foundational drawing and painting skills to talented high school students, providing outreach to youth across Southern California, and the support and resources essential to pursuing and achieving higher education. In doing so, Ryman Arts furthers the talent and promise of an underserved population that would otherwise have few opportunities—and plenty of roadblocks—to thrive artistically and academically at a critical time in their lives.

For over 31 years, Ryman Arts has impacted over 36,000 students through its core program, outreach efforts, and community activities. During these challenging times, Ryman Arts' services are more crucial than ever as it continues to provide key arts education access. As the only free, year-round, out-of-school arts education program of this high caliber, consistency, duration, and impact in the Southern California region, Ryman Arts reduce barriers and increase opportunity for underserved youth. Each year, approximately 500 students attend classes on Sundays at Otis College of Art & Design in Los Angeles or on Saturdays at California State University, Fullerton in Orange County. Both campuses host Ryman Arts free of charge. Students complete this dynamic 1½-year-long program as more self-confident and community-minded individuals, possessing life-transferable skills that translate into any field they choose to pursue.

Art colleges and universities from across the country come to Ryman Arts' College Day every fall for recruitment, and graduates are accepted to top colleges and universities, often with generous scholarships. While many students continue their studies in the visual arts, others choose from a range of academic fields, such as history, economics, and computer sciences, often finding creative ways to intersect these with the arts through dual or joint majors. During the program, students hone creative and critical thinking skills that are applicable regardless of their chosen degree or vocation. Approximately 1/3 of Ryman Arts alumni go on to pursue careers in creative industries throughout the state, in fields such as graphic design, illustration, arts education/administration, fine arts, animation, architecture, and industrial/automotive design. Students frequently stay involved for years as part of our robust alumni community and serve as role models for the young people in the program. Many continue to volunteer—installing exhibitions, assisting in the office, conducting outreach presentations, and participating in community activities—thus paying forward the gift they received. Recognized for its enduring commitment to mentoring youth and the superior quality of its program, Ryman Arts was named a 2019 Pasadena Art Alliance Impact Award recipient, 2015 SoCal PBS Community Champion, and National Arts and Humanities Youth Program Awards semifinalist from 2012-2014.

Ryman Arts classrooms reflect the cultural, social, and economic diversity of Southern California. Students come from 150 zip codes with the majority coming from Los Angeles County, including Whittier; others are from Orange, Riverside, San Bernardino and Ventura counties. More than 79% are from public schools, with 47% of students attending Title-1 designated schools.

NOTE 1 NATURE OF ORGANIZATION (CONTINUED)

Based on anecdotal evidence, the majority is from immigrant families, and most have never visited a university campus or taken an art class outside of school before. The 2020-21 self-reported ethnicities of students are 2% African-American; 47% Asian/Pacific Islander; 16% Caucasian; 24% Hispanic or Latino; and 11% Multiple or Other.

Since inception and through the most recent challenging pandemic year, Ryman Arts has been guided by a forward-looking Board of Directors. In 2018, the Board and staff convened working sessions with community stakeholders to update the mission statement, and then created a Diversity, Equity and Inclusion plan. An ambitious endowment campaign has been completed, bringing the endowment to \$3M. The Board created a Reserve Fund to help weather future economic crises

2021 Program Highlights

Because of the pandemic, Ryman Arts continued its full program online for spring 2021, including a virtual graduation and exhibition. Following strict COVID mitigation protocols, Ryman Arts resumed in-person classes in Fall 2021. However, larger group activities including Orientation, College and Career programs continued online.

Ryman Arts deepened its alumni relationships through working with Ryman Arts alumni who are now in the creative workforce, adding a new layer to its career services as its alumni share their careers in the arts with the next generation and become models for students. During Spring 2021 Career Preparation Weekend, Ryman Arts had 19 virtual sessions over the course of three days. The session topics ranged from professional speaking, to resume workshops and how to start a career as an illustrator. Many of these sessions were led by the alumni.

Ryman Arts had seen a positive impact on its students, and through outreach, was able to provide guidance and programming to more underserved and new communities. In 2021, Ryman Arts adjusted its outreach strategy to provide virtual outreach presentations. This included application info webinars, where students and their families join online to learn about the program and how to apply, and involvement in various virtual community festivals. Despite outreach limitations and program challenges due to the impact of the pandemic, Ryman Arts made 21 virtual presentations, reaching over 500 students. Ryman Arts remain committed to maintaining its relationships with educators, community leaders, and high schools in low-income communities to ensure that students from these communities are aware of and can participate in Ryman Arts.

Ryman Arts expanded its comprehensive services and special opportunities to help students transition to college and beyond. 90% of students this past year participated in the Fall 2021 College Preparation Weekend, a virtual two-day event where representatives from 29 colleges and arts schools from across the country (ranging from Rhode Island School of Design to Laguna College of Art and Design) met with Ryman Arts students, reviewed portfolios, and hosted financial aid and other workshops for students and parents. Additionally, over the course of the two semesters, students had the opportunity to learn from visiting guest artists, ranging from prominent mid-career artists to professionals in a variety of creative fields.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Ryman Arts' financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). The significant accounting and reporting policies used by Ryman Arts are described subsequently to enhance the usefulness and understandability of the financial statements.

Basis of Accounting

Financial transactions are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the accounting period in which the revenues are earned regardless of when cash is received and recognizes expenses in the accounting period in which expenses are incurred regardless of when cash is disbursed.

Cash and Cash Equivalents

Ryman Arts considers all short-term, highly liquid investments that are (a) readily convertible to known amounts of cash, and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rates to be cash equivalents.

Ryman Arts maintains its cash and investments in bank deposit accounts and other investment accounts, which, at times, may exceed federally insured limits. Ryman Arts has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash, cash equivalents, or investments.

Promises to Give

Unconditional promises to give are recorded when verifiable documentation of a promise is received. Unconditional promises to give that are expected to be collected in the next year are recorded as current at their net realizable value; those due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, discounted using the appropriate risk-adjusted interest rates applicable to the year in which the promise was received.

Conditional promises to give, that contains a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Grants Receivable

Grants receivable are recorded as current at their net realizable value when they are awarded. No allowance for doubtful grants receivable has been established as of December 31, 2021 and 2020, as management believes that the remaining grants receivable are fully collectible.

Inventories

Inventories consist of copies of limited-edition art book, "A Brush with Disney", that are sold by Ryman Arts through various outlets. Inventories are stated at the lower of cost (first-in, first-out) or market, or at net realizable value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value. The cost assigned to investments received by gift is the fair value at the date the gift is received. The net realized and unrealized gains and losses on investments are reflected in the statements of activities.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or at fair value at the date of donation, if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and equipment	5 years
Computers	5 years
Computer software	3 years

Expenditures for maintenance and repairs are charged to operations as incurred while expenditures that materially increase the value of the properties and extend their useful lives are capitalized. Ryman Arts capitalizes purchases of property and equipment with a cost of \$500 or more.

Art Collection

Ryman Arts' art collection, which was acquired through contributions since Ryman Arts' inception, is not recognized as an asset on the statements of financial position. Purchases of collection items are recorded as decreases in net assets without donor restrictions in the year in which the items are acquired or as net assets with donor restrictions if the assets used to purchase the items are restricted by donors. Proceeds from sale of art collection, deaccessions, or insurance recoveries are reflected as increases in the appropriate net asset classes. There were no sale or material purchase and donation of art collection for the years ended December 31, 2021 and 2020.

Net Assets

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

Net assets without donor restrictions – Net assets available for use to support the general operations and not subject to donor (or grantor) restrictions.

Net assets with donor restrictions – Net assets subject to donor (or grantor)-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets (continued)

Donor restricted contributions are reported as increases in net assets without donor restriction when 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. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported as net assets released from restrictions, in the accompanying statements of activities.

Net assets with donor restrictions includes Ryman Arts' endowment fund (see Note 9).

As shown in the accompanying financial statements, Ryman Arts' net assets without donor restrictions, as restated, amounted to \$637,830 and \$371,511 as of December 31, 2021 and 2020, respectively. For the years ended December 31, 2021 and 2020, Ryman experienced an increase in net assets without donor restrictions of \$266,319 and \$405,909, respectively.

Revenue Recognition

Grants and Contributions

Contributions, including unconditional promises to give, are recognized when received. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a 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 as net assets released from restrictions.

Conditional contributions received are recorded as refundable advance and will be recognized as the conditions are met.

Government grants revenue is reported as an exchange transaction. Accordingly, revenues are recognized when Ryman Arts has established its right to the revenue. In the case of cost reimbursement grants, this is normally at the time an expense has been incurred for an authorized purpose.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-kind Contributions

Contributed materials and services are recorded at fair values in the period received. Contributed services are recognized only when those services (1) create or enhance non-financial assets or (2) require specialized skills and are provided by individuals possessing such special skills and would be typically purchased if not provided by donation.

For the years ended December 31, 2021 and 2020, Ryman Arts received donated facilities and supplies amounting to \$18,318 and \$20,771, respectively.

Functional Allocation of Expenses

The costs of program and supporting services have been summarized on a functional basis in the statements of activities. Expenses that can be identified to with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied.

The expenses that are allocated include salaries, payroll taxes and employee benefits which are allocated based on time and effort; and other expenses such as rent, computer expenses, insurance, printing and copying which are allocated using an allocation study that encompasses the average time and effort of employees and consultants who are working on each function.

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 amount 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.

Fair Value Measurement

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants at the measurement date. Ryman Arts reports its assets and liabilities that are measured at fair value using a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1* Quoted prices in active markets for identical assets or liabilities.
- Level 2* Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurement (continued)

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

An asset's or liability's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. At each reporting period, Ryman Arts perform a detailed analysis of its assets and liabilities that are measured at fair value. All assets and liabilities for which the fair value measurement is based on significant unobservable inputs or instruments which trade infrequently, and therefore, have little or no price transparency, are classified as Level 3.

Except for investments described at Note 6, Ryman Arts' financial assets and liabilities include primarily cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Because of the short-term nature of the cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, the carrying amounts of these assets and liabilities approximate their fair value.

Income Taxes

Ryman Arts is a non-profit organization, qualifying under Section 501(c)(3) of the Internal Revenue Code, and Section 23701d of the California Revenue and Taxation Code and is not classified as a private foundation. Nonprofit organizations are not generally liable for taxes on income; therefore, no provision is made for such taxes in the financial statements.

Ryman Arts evaluates its uncertain tax positions using provisions in conformity with U.S. GAAP. Accordingly, a loss contingency is recognized when it is probable that a liability has been incurred as of the date of the financial statements, and the amount of the loss can be reasonably estimated. The amount recognized is subject to estimate and management judgment with respect to the likely outcome of each uncertain tax position. The amount that is ultimately sustained for an individual uncertain tax position or for all uncertain tax positions in the aggregate could differ from the amount recognized. Management believes the income tax positions taken more likely than not will be sustained under examination by the applicable tax authorities. Since tax matters are subject to some degree of uncertainty, there can be no assurance that Ryman Arts' tax returns will not be challenged by the taxing authorities and that Ryman Arts will not be subject to additional tax, penalties, and interest as a result of such challenge.

Ryman Arts' income tax returns remain subject to examination for all tax years ended on or after December 31, 2017 with regard to all tax positions and results reported.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements Not Yet Adopted

In February 2016, Financial Accounting Standards Board (FASB) issued *Accounting Standard Update* (ASU) 2016-02, *Leases*. This accounting standard requires organizations that lease assets to recognize a right-of use asset and a liability, initially measured at the present value of the lease payments, in its balance sheet. Lessor accounting is largely unchanged from that applied under current U.S. GAAP. This accounting standard will also require additional disclosure about the amount, timing, and uncertainty of cash flows arising from leases. This accounting standard is effective for fiscal years beginning after December 15, 2021. ASU 2016-02 is effective for Ryman Arts as of January 1, 2022. Ryman Arts has not yet adopted this ASU and is currently assessing the impact of this ASU to its financial statements.

In September 2020, FASB issued ASU 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU addresses presentation and disclosure requirements for not-for-profit entities for contributed nonfinancial assets. The ASU is effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. ASU 2020-07 is effective for Ryman Arts as of January 1, 2022. Ryman Arts has not yet adopted this ASU and does not expect a significant impact on its financial statements upon adoption in subsequent years.

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 655,929	\$ 480,075
Promises to give, net	5,000	22,656
Grants receivable	116,170	25,090
Other receivables	1,761	1,761
Endowment	3,362,637	2,987,027
Total financial assets	4,141,497	3,516,609
Less amounts not available to be used within one year:		
Promises to give not available within one year	9,656	12,656
Endowment funds with donor restrictions	3,362,637	2,987,027
	3,372,293	2,999,683
Amounts available for general expenditures within one year	\$ 769,204	\$ 516,926

NOTE 3 LIQUIDITY AND AVAILABILITY OF RESOURCES (CONTINUED)

Ryman Arts maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The Ryman Arts endowment fund, which is comprised of donor-restricted contributions, is subject to an annual spending rate of 5% (see Note 9). This provides Ryman Arts with additional cash flow during the year.

NOTE 4 UNCONDITIONAL PROMISES TO GIVE

At December 31, unconditional promises to give are estimated to be collected as follows:

	2021	2020
Within one year	\$ 9,000	\$ 30,000
More than one year up to five years	10,000	37,000
	19,000	67,000
Less discount to net present value at rates ranging from .6% and 1.6%	(344)	(344)
Unconditional promises to give at present value	\$ 18,656	\$ 66,656

Management believes that the unconditional promises to give are collectible at December 31, 2021 and 2020, therefore, no allowance for doubtful accounts has been established.

NOTE 5 CONDITIONAL PROMISES TO GIVE

In 2015, Ryman Arts received a conditional promise to give for the endowment fund in the amount of \$500,000, payable up to \$100,000 per year. The promise to give depends on the condition that Ryman Arts will raise a matching dollar for dollar contribution up to \$100,000 annually. During the years ended December 31, 2021 and 2020, Ryman Arts received matching contributions of \$64,880 and \$35,120, respectively, and consequently recognized the contributions in the statements of activities.

Remaining contributions of \$0 and \$64,880 at December 31, 2021 and 2020, respectively, were not yet recognized because the matching condition on which they depend was not yet met.

Ryman-Carroll Foundation dba Ryman Arts
Notes to Financial Statements
Years ended December 31, 2021 and 2020

NOTE 6 INVESTMENTS

As discussed in Note 2, Ryman Arts records its investments at fair value. The following are the methodologies used by Ryman Arts to determine the value of its investments:

Equity securities: Valuation is based on unadjusted quoted prices for identical assets in active markets that Ryman Arts can access.

Mutual funds: Valued at the net asset value (NAV) of shares held by Ryman Arts at year-end. The NAV is quoted at market prices in active markets for identical assets.

Exchange traded funds: Valued at fair value by reference to quoted prices in active markets for identical assets or liabilities (unadjusted) that Ryman Arts has the ability to access at the measurement date.

Partnership interests: Valuation based on fair value information received from the partnership.

The methodologies described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Ryman Arts believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Ryman Arts' investment methodologies did not change at December 31, 2021 and 2020.

The following is a summary of Ryman Arts' investments and the inputs used in valuing the investments carried at fair value at December 31, 2021 and 2020:

Type of Investments	December 31, 2021			
	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash, money market, bank sweep	\$ 329,042	\$ 329,042	\$ -	\$ -
Equity securities, mutual funds	3,010,687	3,010,687	-	-
Partnership interests	9,252	-	-	9,252
	<u>\$ 3,348,981</u>	<u>\$ 3,339,729</u>	<u>\$ -</u>	<u>\$ 9,252</u>

Type of Investments	December 31, 2020			
	Total	Quoted prices in active markets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Cash, money market, bank sweep	\$ 180,700	\$ 180,700	\$ -	\$ -
Equity securities, mutual funds	2,738,052	2,738,052	-	-
Partnership interests	24,275	-	-	24,275
	<u>\$ 2,943,027</u>	<u>\$ 2,918,752</u>	<u>\$ -</u>	<u>\$ 24,275</u>

Ryman-Carroll Foundation dba Ryman Arts
Notes to Financial Statements
Years ended December 31, 2021 and 2020

NOTE 6 INVESTMENTS (CONTINUED)

The Level 3 investments consist of Ryman Arts' interest in two "fund of funds" partnerships. Each of these is a separate limited liability company formed for the purpose of creating a vehicle that allows its members to create a diversified portfolio of alternative assets including real estate and energy funds. Total purchases of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 assets) amounted to \$1,684 and \$4,013 for the years ended December 31, 2021 and 2020, respectively.

As of December 31, 2021, and 2020, all Level 3 assets have quantitative unobservable inputs that are not developed by Ryman Arts when measuring fair value, such as prices from prior transactions or third-party pricing information, without adjustment.

NOTE 7 PROPERTY AND EQUIPMENT

Property and equipment at December 31 consisted of the following:

	<u>2021</u>	<u>2020</u>
Furniture and equipment	\$ 58,092	\$ 58,092
Computers	65,099	65,099
Computer software	<u>16,149</u>	<u>16,149</u>
	139,340	139,340
Less accumulated depreciation	<u>(124,816)</u>	<u>(119,975)</u>
	<u>\$ 14,524</u>	<u>\$ 19,365</u>

Depreciation expense for the years ended December 31, 2021 and 2020 amounted to \$4,841 for each year.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

At December 31, net assets with donor restrictions are restricted for the following purposes or periods:

	<u>2021</u>	<u>2020</u>
Subject to the passage of time	\$ 95,000	\$ 13,000
Subject to expenditure for specified purpose:		
Scholarship and alumni fellowship	-	10,000
Accumulated appreciation of endowment, as restated	239,342	21,649
Restricted in perpetuity		
Endowment fund	<u>3,123,295</u>	<u>3,027,515</u>
	<u>\$ 3,457,637</u>	<u>\$ 3,072,164</u>

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

The endowment accumulated appreciation in 2020 has been restated to \$21,649 or was decreased by \$250,103 to account for the net depreciation of endowment prior to 2019.

NOTE 9 ENDOWMENT

An endowment fund was established by the Board of Directors of Ryman Arts in 1996 to support its long-term operations. Contributions were made at inception and continue to be made by donors. In addition, in 2005, a pledge was made to form the Sharon Disney Lund Master Teacher Endowment to support a teaching artist position and award. In 2009, in honor of the retirement of co-founder Marty Sklar, multiple gifts were made to form the Marty Sklar Legacy Scholarship Fund within the endowment to support a class at Ryman Arts. In 2011, in memory of co-founder Harrison "Buzz" Price, Ryman Arts created the Buzz Price TEA Ryman Arts Endowment Fund within the endowment to support a student at Ryman Arts each year. In 2015, The Sharon D. Lund Foundation made a \$500,000 pledge to the Ryman Arts endowment that is contingent upon receiving matching gifts to the endowment from other sources. This pledge will be recognized in the Ryman Arts' financial statements as matching gifts are received. Matching funds of \$64,880 and \$35,120 were received and realized in 2021 and 2020, respectively.

Spending Policy

Distributions from the endowment fund are to be made in accordance with the Uniform Prudent Management of Institutional Funds Act (UPMIFA), which permits the institution to determine the prudent amount to be allocated for expenditure from endowment funds subject to the restrictions of any gift agreements. The Ryman Arts Investment Committee (the Committee) is to set the rate at which funds are released for current spending and may, in response to changing economic circumstances, raise or lower the distribution percentage in any given year. It is the objective of the endowment fund to spend up to 5% of the trailing three-year average of the market value of the endowment fund as of December 31 of each year. Spending is based upon a total return strategy, which includes both appreciation (realized and unrealized gains) and income. In a given year, should total return fall below the targeted annual distribution, accumulated realized gains may be utilized as a supplement.

Investment Policy

The following principles, consistent with the purpose of the endowment fund, have been adopted:

Total Return

Endowment assets will be managed on a total return basis, taking into account the level of investment income required. While the Committee recognizes the importance of the preservation of capital, it also adheres to the principle that varying degrees of investment risk are generally rewarded with ancillary returns over the long-term.

NOTE 9 ENDOWMENT (CONTINUED)

Investment Policy (Continued)

Diversification

Endowment assets will be diversified among classes of assets, as well as within each asset class including diversification among sectors and industries, quality, market capitalization, and investment strategy on the premise that portfolio diversification and equity style diversification provide protection against a single security or class of securities having a disproportionate impact on aggregate performance.

Social Responsibility

Management of the endowment fund assets shall be consistent with the vision, mission, and values of Ryman Arts.

Investment Objectives

Return

The long-term return objective for the endowment fund is to exceed a custom benchmark made up of 70% MSCI ACWI and 30% Barclays U. S. Aggregate Index.

Policy Portfolio Objective

The total return of the endowment fund's investment portfolio will be evaluated periodically against the return of a Portfolio Policy Index consisting of 70% MSCI ACWI and 30% Barclays U.S. Aggregate Index. The total portfolio over the long-term will be expected to exceed the Portfolio Policy Index return over rolling five-year periods.

Risk

In light of the endowment fund's long-term time horizon, the fund can invest in individual assets, which may have high volatility as long as the aggregate portfolio is in line with that expected of a prudently managed endowment. Reasonable consistency of returns is desirable as a means of providing stability to the process of managing all Ryman Arts' financial assets. The fund should experience risk as measured by volatility and variability of return, commensurate with that of the market as expressed by the Portfolio Policy Index.

Asset Allocation

Strategic Targets

The asset allocation targets for this endowment are developed to facilitate the achievement of the endowment's long-term investment objectives within the established risk parameters. Endowment assets shall be invested in accordance with the target percentage and allowable ranges for each asset class as shown below. It is recognized that unanticipated, short-term market shifts or changes in economic conditions may cause the asset mix to vary from the policy target. The Committee will review these targets at least annually and whenever the investment horizon for any portion of the endowment changes. There will be an orderly process to reach strategic targets.

NOTE 9 ENDOWMENT (CONTINUED)

Asset Allocation (Continued)

Strategic Targets (Continued)

As of December 31, 2021 and 2020, the target allocation policy of the Ryman Arts' endowment is as follows:

US Equity - 35%; Non-US Equity - 15%; Fixed Income - 30%; Private Equity - 6%; Hedge Funds - 2%; Real Estate (Public and Private) - 5%; Commodities/Natural Resources - 5%; Cash - 2%.

At December 31, 2021 and 2020, Ryman Arts' endowment funds consist of donor restricted funds, as restated, amounting to \$3,362,637 and \$3,049,164, respectively.

The movement in the endowment funds for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
Donor restricted endowment funds, beginning of year, as restated	\$ 3,049,164	\$ 2,870,592
Investment income, net	323,842	197,007
Contributions	95,780	110,270
Write-off of prior year receivable	-	(5,000)
Appropriation of endowment for expenditure	(106,149)	(123,705)
	\$ 3,362,637	\$ 3,049,164

As of December 31, 2021, the cumulative total of endowment asset aggregated to \$3,362,637; this includes investments of \$3,348,981 and receivables of \$13,656. The endowment corpus of \$3,123,295 plus the accumulated gains on investments net of spending and restatement of \$239,342 totaled \$3,362,637.

The 2020 beginning balance of the donor restricted endowment funds was restated from \$3,120,695 to \$2,870,592, a decrease of \$250,103, to account for the net depreciation of endowment prior to 2019 as described in Note 8.

NOTE 10 RETIREMENT PLAN

Ryman Arts has a qualified, contributory retirement plan for the benefit of all employees meeting the eligibility requirements as set forth in the plan. Under the plan, participating employees may contribute up to their pre-tax compensation limited by an annual deferral limit prescribed by the Internal Revenue Code annual limits. Ryman Arts matches 50% of the employees' contributions up to 10% of their compensation. For the years ended December 31, 2021 and 2020, Ryman Arts contributed \$30,618 and \$25,093 to the retirement plan, respectively.

NOTE 11 LEASE COMMITMENTS

Ryman Arts is leasing its office space under a non-cancelable operating lease agreement expiring in June 2025. Future minimum lease commitments required under the terms of the lease at December 31, 2021 are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2022	\$ 58,033
2023	59,774
2024	61,567
2025	<u>26,333</u>
	<u>\$ 205,707</u>

Rent expense for the above lease and other month-to-month lease reported for the years ended December 31, 2021 and 2020 amounted to \$58,169 and \$56,690, respectively.

NOTE 12 RELATED PARTY TRANSACTIONS

During the years ended December 31, 2021 and 2020, total grants and contributions received from Board members, Board members' family foundations, or immediate family members amounted to \$646,984 and \$610,871, respectively.

NOTE 13 CONCENTRATIONS

Ryman Arts has concentrations in the following areas:

Unconditional promises to give: In 2021 and 2020, approximately 53% and 28% of total unconditional promises to give were derived from one to two donors, respectively.

Grants and contributions: In 2021 and 2020, approximately 70% and 66% of total grants and contributions were derived from four to five funding sources, respectively.

Ryman Arts maintains its cash accounts with certain bank and financial institution. Balances with these certain banks at times may exceed federally insured limits. Ryman Arts' cash account with certain bank exceeded the FDIC's insured limit by \$320,072 and \$170,728 as of December 31, 2021 and 2020, respectively. Ryman Arts believes it mitigates this risk by monitoring the financial stability of institutions holding material cash balances.

NOTE 14 IMPACT OF CORONAVIRUS ON THE RYMAN ARTS' OPERATIONS

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the United States.

It is unknown how long these conditions will last and what the complete financial effect will be to Ryman Arts. However, Ryman Arts' management believes that the financial impact, if any, did not materially affect the December 31, 2021 financial statements.

NOTE 15 SUBSEQUENT EVENTS

Ryman Arts has evaluated events subsequent to December 31, 2021 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through November 15, 2022, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.



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