

**THE ART STUDENTS LEAGUE OF NEW YORK, INC. AND SUBSIDIARY**  
**Consolidated Financial Statements**  
**May 31, 2021 and 2020**  
**With Independent Auditor's Report**

**The Art Students League of New York, Inc. and Subsidiary**  
**Table of Contents**  
**May 31, 2021 and 2020**

---

<b>Independent Auditor's Report</b>	1
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position	2
Consolidated Statements of Activities	3-4
Consolidated Statements of Functional Expenses	5-6
Consolidated Statements of Cash Flows	7
Notes to Consolidated Financial Statements	8-19

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,  
The Art Students League of New York, Inc. and Subsidiary:

We have audited the accompanying consolidated financial statements of The Art Students League of New York, Inc. (the "Organization") and American Fine Arts Society, Inc. (the "Subsidiary"), which comprise the consolidated statements of financial position as of May 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Art Students League of New York, Inc. and Subsidiary as of May 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



November 29, 2021

**The Art Students League of New York, Inc. and Subsidiary**  
**Consolidated Statements of Financial Position**  
**May 31, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Assets</b>						
Current assets						
Cash and cash equivalents	\$ 6,260,463	\$ -	\$ 6,260,463	\$ 6,182,037	\$ -	\$ 6,182,037
Accounts receivable	95,727	-	95,727	60,536	-	60,536
Inventory	300,905	-	300,905	329,844	-	329,844
Prepaid expenses	91,173	-	91,173	96,865	-	96,865
Security deposit	5,000	-	5,000	5,000	-	5,000
Total current assets	6,753,268	-	6,753,268	6,674,282	-	6,674,282
Investments	73,091,635	44,306,289	117,397,924	53,043,343	33,450,296	86,493,639
Property and equipment, at cost, net of accumulated depreciation	6,396,133	-	6,396,133	5,338,207	-	5,338,207
Total assets	\$ 86,241,036	\$ 44,306,289	\$ 130,547,325	\$ 65,055,832	\$ 33,450,296	\$ 98,506,128
<b>Liabilities and Net Assets</b>						
Liabilities						
Current liabilities						
Accounts payable and accrued expenses	\$ 622,793	\$ -	\$ 622,793	\$ 726,242	\$ -	\$ 726,242
PPP1 loan payable	-	-	-	1,407,150	-	1,407,150
PPP2 loan payable	1,183,000	-	1,183,000	-	-	-
Deferred revenue	363,072	-	363,072	291,626	-	291,626
Locker deposits	38,398	-	38,398	46,688	-	46,688
Tuition credits	382,429	-	382,429	429,347	-	429,347
Estate funds in probate payable	-	1,016,851	1,016,851	-	1,571,851	1,571,851
Total liabilities	2,589,692	1,016,851	3,606,543	2,901,053	1,571,851	4,472,904
Net assets						
Without donor restrictions						
Property and equipment, net	6,396,133	-	6,396,133	5,338,207	-	5,338,207
Board designated	50,645,659	-	50,645,659	37,042,102	-	37,042,102
Undesignated	26,609,552	-	26,609,552	19,774,470	-	19,774,470
Total without donor restrictions	83,651,344	-	83,651,344	62,154,779	-	62,154,779
With donor restrictions						
	-	43,289,438	43,289,438	-	31,878,445	31,878,445
Total net assets	83,651,344	43,289,438	126,940,782	62,154,779	31,878,445	94,033,224
Total liabilities and net assets	\$ 86,241,036	\$ 44,306,289	\$ 130,547,325	\$ 65,055,832	\$ 33,450,296	\$ 98,506,128

The Notes to Consolidated Financial Statements are an integral part of these statements.

**The Art Students League of New York, Inc. and Subsidiary**  
**Consolidated Statements of Activities**  
**Years Ended May 31, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Operating activities</b>						
Public support and other revenue						
Public support						
Contributions	\$ 1,857,627	\$ 170,029	\$ 2,027,656	\$ 870,494	\$ 403,106	\$ 1,273,600
PPP1 loan forgiveness	393,977	-	393,977	-	-	-
Fundraising benefit	-	-	-	366,484	-	366,484
Less: Direct costs of fundraising benefit	-	-	-	(191,836)	-	(191,836)
Return of grant	-	(250,000)	(250,000)	-	-	-
Total public support	<u>2,251,604</u>	<u>(79,971)</u>	<u>2,171,633</u>	<u>1,045,142</u>	<u>403,106</u>	<u>1,448,248</u>
Other revenue						
Tuition income	3,126,400	-	3,126,400	3,520,799	-	3,520,799
Dues and fees	230,914	-	230,914	286,501	-	286,501
Store and cafeteria sales	165,252	-	165,252	1,145,319	-	1,145,319
Less: Cost of goods sold	(94,726)	-	(94,726)	(658,361)	-	(658,361)
Facility rental income	15,845	-	15,845	210,796	-	210,796
Other income	18,524	-	18,524	67,832	-	67,832
Spending policy	<u>2,716,485</u>	<u>-</u>	<u>2,716,485</u>	<u>3,530,692</u>	<u>-</u>	<u>3,530,692</u>
Total other revenue	<u>6,178,694</u>	<u>-</u>	<u>6,178,694</u>	<u>8,103,578</u>	<u>-</u>	<u>8,103,578</u>
Total public support and other revenue	<u>8,430,298</u>	<u>(79,971)</u>	<u>8,350,327</u>	<u>9,148,720</u>	<u>403,106</u>	<u>9,551,826</u>
<b>Expenses</b>						
Program services	<u>8,486,330</u>	<u>-</u>	<u>8,486,330</u>	<u>9,446,043</u>	<u>-</u>	<u>9,446,043</u>
Supporting services						
Management and general	1,208,879	-	1,208,879	1,465,062	-	1,465,062
Fundraising	<u>277,970</u>	<u>-</u>	<u>277,970</u>	<u>558,063</u>	<u>-</u>	<u>558,063</u>
Total supporting services	<u>1,486,849</u>	<u>-</u>	<u>1,486,849</u>	<u>2,023,125</u>	<u>-</u>	<u>2,023,125</u>
Total expenses	<u>9,973,179</u>	<u>-</u>	<u>9,973,179</u>	<u>11,469,168</u>	<u>-</u>	<u>11,469,168</u>
Changes in net assets						
before non-operating activities (carried forward)	<u>(1,542,881)</u>	<u>(79,971)</u>	<u>(1,622,852)</u>	<u>(2,320,448)</u>	<u>403,106</u>	<u>(1,917,342)</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**The Art Students League of New York, Inc. and Subsidiary**  
**Consolidated Statements of Activities**  
**Years Ended May 31, 2021 and 2020**

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Changes in net assets before non-operating activities (brought forward)	\$ (1,542,881)	\$ (79,971)	\$ (1,622,852)	\$ (2,320,448)	\$ 403,106	\$ (1,917,342)
<b>Non-operating activities</b>						
Investment income, net	22,686,831	13,242,119	35,928,950	1,086,996	627,973	1,714,969
Spending policy	(965,330)	(1,751,155)	(2,716,485)	(1,354,221)	(2,176,471)	(3,530,692)
PPP1 loan forgiveness	1,013,173	-	1,013,173	-	-	-
Insurance proceeds (water damage)	401,487	-	401,487	-	-	-
Loss on disposal of equipment	(96,715)	-	(96,715)	(54,074)	-	(54,074)
Asset held for sale	-	-	-	450,000	(450,000)	-
Total non-operating activities	<u>23,039,446</u>	<u>11,490,964</u>	<u>34,530,410</u>	<u>128,701</u>	<u>(1,998,498)</u>	<u>(1,869,797)</u>
<b>Changes in net assets</b>	21,496,565	11,410,993	32,907,558	(2,191,747)	(1,595,392)	(3,787,139)
<b>Net assets</b>						
Beginning of year	<u>62,154,779</u>	<u>31,878,445</u>	<u>94,033,224</u>	<u>64,346,526</u>	<u>33,473,837</u>	<u>97,820,363</u>
End of year	<u>\$ 83,651,344</u>	<u>\$ 43,289,438</u>	<u>\$ 126,940,782</u>	<u>\$ 62,154,779</u>	<u>\$ 31,878,445</u>	<u>\$ 94,033,224</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

**The Art Students League of New York, Inc. and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**Year Ended May 31, 2021**

	<u>Program Expense</u>	<u>Supporting Services</u>			<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 2,472,567	\$ 681,222	\$ 187,220	\$ 868,442	\$ 3,341,009
Instructors' compensation	2,702,479	-	-	-	2,702,479
Payroll taxes and employee benefits	844,312	111,142	30,545	141,687	985,999
Models fees	146,659	-	-	-	146,659
Consulting and professional fees	469,829	194,773	1,526	196,299	666,128
Store and cafeteria cost of goods sold	94,726	-	-	-	94,726
Grants, stipends and honorariums	32,184	-	-	-	32,184
Advertising	18,303	-	-	-	18,303
Staff development	917	355	-	355	1,272
Repairs and maintenance	296,504	12,210	2,080	14,290	310,794
Utilities	209,471	8,626	1,469	10,095	219,566
Tools and supplies	32,042	20	-	20	32,062
Office supplies and expenses	20,020	21,424	384	21,808	41,828
Equipment leasing and maintenance	-	22,788	-	22,788	22,788
Printing, copying and postage	37,828	2,744	4,796	7,540	45,368
Insurance	157,186	50,742	1,102	51,844	209,030
Information technology	135,781	27,531	32,500	60,031	195,812
Subscriptions and memberships	15,172	3,653	8,648	12,301	27,473
Travel and lodging	1,460	6,145	-	6,145	7,605
Artwork transportation and handling	40,366	1,490	-	1,490	41,856
Space rentals and storage	110,165	4,678	-	4,678	114,843
Catering and hospitality	1,604	4,482	-	4,482	6,086
Credit card processing fees	100,837	3,462	4,058	7,520	108,357
Restoration and framing	14,177	-	-	-	14,177
Depreciation	603,602	21,630	3,642	25,272	628,874
Miscellaneous	22,865	29,762	-	29,762	52,627
	<u>8,581,056</u>	<u>1,208,879</u>	<u>277,970</u>	<u>1,486,849</u>	<u>10,067,905</u>
Less: Expenses included with revenues on the statements of activities					
Store and cafeteria cost of goods sold	<u>(94,726)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(94,726)</u>
	<u>\$ 8,486,330</u>	<u>\$ 1,208,879</u>	<u>\$ 277,970</u>	<u>\$ 1,486,849</u>	<u>\$ 9,973,179</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

**The Art Students League of New York, Inc. and Subsidiary**  
**Consolidated Statement of Functional Expenses**  
**Year Ended May 31, 2020**

	<u>Program Expense</u>	<u>Supporting Services</u>			<u>Total Expenses</u>
		<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>	
Salaries	\$ 2,756,435	\$ 772,339	\$ 389,032	\$ 1,161,371	\$ 3,917,806
Instructors' compensation	2,578,128	-	-	-	2,578,128
Payroll taxes and employee benefits	886,810	128,392	64,672	193,064	1,079,874
Models fees	830,016	-	-	-	830,016
Consulting and professional fees	445,350	280,872	5,599	286,471	731,821
Fundraising benefit expenses	-	-	199,349	199,349	199,349
Store and cafeteria cost of goods sold	658,361	-	-	-	658,361
Grants, stipends and honorariums	93,347	-	-	-	93,347
Advertising	37,315	-	1,600	1,600	38,915
Staff development	3,619	1,248	362	1,610	5,229
Repairs and maintenance	249,588	9,773	1,665	11,438	261,026
Utilities	234,978	9,676	1,648	11,324	246,302
Tools and supplies	92,308	677	-	677	92,985
Office supplies and expenses	20,223	19,959	2,492	22,451	42,674
Equipment leasing and maintenance	26	25,408	-	25,408	25,434
Printing, copying, and postage	66,766	14,694	18,533	33,227	99,993
Insurance	158,890	48,428	1,115	49,543	208,433
Information technology	92,375	40,665	27,000	67,665	160,040
Subscriptions and memberships	9,892	573	9,371	9,944	19,836
Travel and lodging	15,769	12,757	14,117	26,874	42,643
Artwork transportation and handling	59,497	1,125	55	1,180	60,677
Overseas workshop expense	27,764	-	-	-	27,764
Space rentals and storage	88,212	7,348	-	7,348	95,560
Catering and hospitality	26,264	14,011	3,588	17,599	43,863
Credit card processing fees	122,700	8,842	5,235	14,077	136,777
Restoration and framing	3,730	-	400	400	4,130
Depreciation	545,677	21,367	3,641	25,008	570,685
Miscellaneous	364	46,908	425	47,333	47,697
	<u>10,104,404</u>	<u>1,465,062</u>	<u>749,899</u>	<u>2,214,961</u>	<u>12,319,365</u>
Less: Expenses included with revenues on the statements of activities					
Direct costs of fundraising benefits	-	-	(191,836)	(191,836)	(191,836)
Store and cafeteria cost of goods sold	<u>(658,361)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(658,361)</u>
	<u>\$ 9,446,043</u>	<u>\$ 1,465,062</u>	<u>\$ 558,063</u>	<u>\$ 2,023,125</u>	<u>\$ 11,469,168</u>

The Notes to Consolidated Financial Statements are an integral part of this statement.

**The Art Students League of New York, Inc. and Subsidiary**  
**Consolidated Statements of Cash Flows**  
**Years Ended May 31, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>Operating and non-operating activities</b>		
Changes in net assets	\$ 32,907,558	\$ (3,787,139)
Adjustments to reconcile changes in net assets to net cash used in operating and non-operating activities		
Depreciation	628,874	570,685
Loss on disposal of equipment	96,715	54,074
Unrealized (gain) loss on investments	(25,306,512)	10,391,911
Realized gain on sale of investments	(7,348,480)	(10,251,929)
PPP1 loan forgiveness	(1,407,150)	-
Changes in assets and liabilities		
Accounts receivable	(35,191)	(23,879)
Inventory	28,939	(47,803)
Prepaid expenses	5,692	69,988
Accounts payable and accrued expenses	(103,449)	223,157
Deferred revenue	71,446	(105,233)
Locker deposits	(8,290)	5,268
Tuition credits	(46,918)	146,047
Estate funds in probate payable	(555,000)	-
Net cash used in operating and non-operating activities	<u>(1,071,766)</u>	<u>(2,754,853)</u>
<b>Investing activities</b>		
Purchases of property and equipment	(1,783,515)	(247,674)
Proceeds from sale of investments	4,500,000	3,800,000
Purchases of investments	(2,749,293)	(246,912)
Sale of property	-	450,000
Net cash provided by (used in) investing activities	<u>(32,808)</u>	<u>3,755,414</u>
<b>Financing activities</b>		
PPP2 loan received	1,183,000	-
PPP1 loan received	-	1,407,150
Net cash provided by financing activities	<u>1,183,000</u>	<u>1,407,150</u>
Net change in cash and cash equivalents	78,426	2,407,711
<b>Cash and cash equivalents</b>		
Beginning of year	<u>6,182,037</u>	<u>3,774,326</u>
End of year	<u>\$ 6,260,463</u>	<u>\$ 6,182,037</u>

The Notes to Consolidated Financial Statements are an integral part of these statements.

# The Art Students League of New York, Inc. and Subsidiary

## Notes to Consolidated Statements

### May 31, 2021 and 2020

---

#### 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### Organization

The mission of The Art Students League of New York, Inc. (the "Organization") is to educate students in the language and process of making art in an environment where anyone who wishes to pursue an art education can realize his or her full potential. The Organization fulfills its mission by offering accessible, affordable, high quality education and instruction in painting, drawing, printmaking, sculpture (including welding and bronze casting), and assemblage.

Due to the impact of COVID-19, the Organization temporarily ceased in-person classes on March 12, 2020 and subsequently switched to online interactive classes. The Organization has resumed all classes as of the date of these consolidated financial statements.

##### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of The Art Students League of New York, Inc. and its wholly owned subsidiary, American Fine Arts Society, Inc. (the "Subsidiary"). The Subsidiary was formed in 1971 as a New York State corporation. The Subsidiary was formed to provide use of its facilities to the Organization. All intercompany balances and transactions have been eliminated in consolidation.

##### Basis of Accounting

The consolidated financial statements of the Organization and Subsidiary have been prepared on the accrual basis of accounting and conform to the accounting principles generally accepted in the United States of America ("U.S. GAAP"), and accordingly, reflect all significant receivables, payables, and other liabilities.

The Organization and Subsidiary's resources are classified and reported as separate classes of net assets based on the existence or absence of donor-imposed restrictions as follows:

**Net assets without donor restrictions:** net assets that include expendable resources that are used to carry out the Organization and Subsidiary's operations and are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by the Organization and Subsidiary or may be limited by contractual agreements. In addition, net assets without donor restrictions include board designated funds and property and equipment used in operations.

**Net assets with restrictions:** net assets subject to donor-imposed restrictions that will be met either by the actions of the Organization and Subsidiary or through the passage of time. Items that affect this net asset category are gifts for which donor-imposed restrictions have not been met in the year of receipt. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions. Also included in this category are net assets subject to donor-imposed restrictions to be maintained permanently by the Organization and Subsidiary, including gifts and pledges wherein donors stipulate that the corpus of the gift to be held in perpetuity and that only the income may be made available for operations, subject to the Organization and Subsidiary's spending policy.

The Organization and Subsidiary include in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. This measure of operations provides a presentation that depicts the manner in which the Organization and Subsidiary manage its financial activities. Capital and investment activities and other nonrecurring charges and expenses not chargeable to grants and contracts are recognized as non-operating activities including the amount of forgiveness on the Paycheck Protection Program loan that was forgiven during the year ended May 31, 2021 that was for salaries paid in the prior fiscal year.

# The Art Students League of New York, Inc. and Subsidiary

## Notes to Consolidated Statements

### May 31, 2021 and 2020

---

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

For the purposes of the consolidated statements of cash flows, cash and cash equivalents include all highly liquid debt instruments with original maturities of three months or less.

#### **Fair Value Measurements**

“Fair Value Measurements and Disclosures” establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. “Fair Value Measurements and Disclosures” defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price” in an orderly transaction between market participants).

In determining fair value, the Organization and Subsidiary use various valuation approaches, including market, income and/or cost approaches. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements), and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under “Fair Value Measurements and Disclosures” and the Organization and Subsidiary’s related types are described below.

*Level 1:* Quoted prices of identical instruments in active markets.

*Level 2:* Quoted prices of similar instruments in active markets; quoted prices of identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.

*Level 3:* Significant inputs to the valuation model are unobservable.

The Organization and Subsidiary’s investments consist primarily of interest in global equity funds, fixed income, hedge funds, common stocks, and private equity investment funds, which are all recorded at their estimated fair value (see Note 5). The investment funds are generally not traded in a public market and are subject to restriction on resale. The investment funds may also have risk associated with their concentration of investments in certain geographic regions and in certain industries. The fair values are determined in good faith by the General Partner of the fund the Organization and Subsidiary invested in, in accordance with the terms of the agreement, which are usually net asset values provided to the General Partner by each fund and the independently audited financial statements of the fund. For those funds for which independently audited financial statements are not provided, the General Partner bases its estimate of fair value on the unaudited information provided by the respective fund’s management and reported to the General Partner. Such values may be determined through various methods, including consideration of the initial cost of investments, recent transactions in the same or comparable securities, or analytical techniques. Considerable judgment is required to interpret the factors used by the General Partner to develop such estimates of fair value. Accordingly, it is possible that the fund’s results may subsequently be adjusted, and the adjustments may be material to the Organization and Subsidiary. Investments held in foreign currencies are translated at the exchange rate of each period end.

#### **Investments**

Investments in marketable securities are reported at market value in the accompanying consolidated statements of financial position. All investments are stated at their fair value. Unrealized gains and losses are included in change in net assets in the accompanying consolidated statements of activities. Investments received by gift are initially recorded at fair value at the date of receipt. Fair values for stocks, bonds and U.S. government securities are based on quoted market prices. Alternative investments are stated at fair value in the consolidated financial statements at the net asset value based on estimates provided by the management of the funds. The alternative investments are nonmarketable and the funds’ management values the assets based upon the net asset value multiplied by the number of shares held.

# The Art Students League of New York, Inc. and Subsidiary

## Notes to Consolidated Statements

### May 31, 2021 and 2020

---

The fair values assigned to these assets do not necessarily represent amounts that might be realized upon their ultimate disposition. The amount of gain or loss associated with these investments is reflected in the accompanying consolidated financial statements. Gains and losses on sales of investments are determined using the average cost method.

#### **Inventory**

The Organization and Subsidiary operate an art materials retail store for the benefit of its students. The art store's inventory consist of art supplies and books. Inventory is stated at net realizable value. Due to the impact of COVID-19, the Organization and Subsidiary closed its cafeteria operations in March 2020.

#### **Property and Equipment**

Property and equipment acquired are recorded at cost. It is the Organization and Subsidiary's policy to capitalize expenditures for these items in excess of \$1,000. Lesser amounts are expensed. Building, equipment and furniture are being depreciated over the useful life of the related asset using the straight-line method. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restriction. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization and Subsidiary report expiration of donor restrictions when the donated or acquired assets are placed in service. The Organization and Subsidiary reclassify net assets with donor restrictions to net assets without donor restrictions at that time.

#### **Advertising Costs**

Advertising costs are charged to operations when the advertising first takes place. Advertising expense for the years ended May 31, 2021 and 2020 was \$18,303 and \$38,915, respectively.

#### **Collections**

The collections consist of student and instructor works: drawings, paintings, prints, sculptures and mixed media assembled over the life of the Organization. The primary focus of the collection is to educate and engage students, instructors and visitors with art taught at the League, primarily through exhibitions. Works in the collections acquired either through purchase or donation are not capitalized. Purchases of collection items are recorded as decreases in net assets without donor restrictions if purchased with net assets without donor restrictions and as decreases in net assets with donor restrictions if purchased with donor restricted funds. Contributions of collection items are not recognized in the consolidated statements of activities. Proceeds from deaccessions or insurance recoveries are reflected in the consolidated statements of activities based on the absence or existence and nature of donor-imposed restrictions. There were no sales or deaccessions in fiscal years 2021 and 2020. Donations and acquisitions of artworks for inclusion in the collections are not required to be recognized since they are added to collections that are held for educational purposes and public exhibition in furtherance of the mission of the Organization rather than a financial gain; are protected, kept encumbered, cared for and preserved; and are subject to a policy that requires the use of proceeds from sales of collection items to be used to acquire other items for collections, the direct care of existing collections, or both.

#### **Estimates**

The preparation of consolidated financial statements in accordance with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. Significant estimates used in the preparation of these consolidated financial statements include depreciation and fair value of investments. Actual results could differ from those estimates.

**The Art Students League of New York, Inc. and Subsidiary**  
**Notes to Consolidated Statements**  
**May 31, 2021 and 2020**

---

**Tax Status and Uncertain Tax Positions**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation. The Subsidiary is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been designated as an organization which is not a private foundation.

The Organization and Subsidiary believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the consolidated financial statements. There are no income tax related penalties and interest included in the accompanying consolidated financial statements.

**Revenue and Support Recognition**

*Contributions and promises to give* - Grants and contributions are recognized when cash is received or when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions and grants are recognized. All other donor-restricted grants and contributions are reported as increases in net assets with donor restrictions. When a restriction expires, donor restricted net assets are reclassified to net assets without donor restrictions. The Organization uses the allowance method to determine uncollectible promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowances were deemed necessary on May 31, 2021 and 2020.

*Revenue from contracts with customers* - The Organization accounts for tuition income, dues and fees and store and cafeteria sales as exchange transactions in the consolidated statements of activities. Revenue from contracts with customers is treated as revenues without donor restrictions. Funds received in advance from customers for services that have not been performed have been recorded as contract liabilities and recorded as deferred revenue in the consolidated statements of financial position.

Other revenues are obtained from facility rental income, investment and other income. These revenues are used to offset program, management and general, and fundraising expenses. Revenue from these sources is recognized when earned. Certain investment income has been classified as with donor restrictions based on donor stipulations.

In determining the appropriate amount of revenue to be recognized as it fulfills its obligations under its agreements, the Organization performs the following steps (i) identify contracts with customers; (ii) identify performance obligations; (iii) determine the transaction price; (iv) allocation of the transaction price to the performance obligations; and (v) recognition of revenue when (or as) the Organization satisfies each performance obligation.

The following summarizes the Organization's performance obligations:

*Tuition Income*

Tuition income represents income received for customer participation in education programs. Fees for tuition services are set by the Organization and are set forth in the agreements with customers. Fees for tuition will vary based on program selection. Payments received in advance for education programs are recorded as deferred tuition income by the Organization. Advanced education payments are recorded as revenue when the education program is complete. Tuition is refundable under certain circumstances, such as cancellation of the program. The total yearly adjustment for refunded tuition is immaterial to the Organization. The Organization provides scholarships which are netted against the tuition income. Tuition income is recognized over a period of time, which is the length of the education program.

**The Art Students League of New York, Inc. and Subsidiary**  
**Notes to Consolidated Statements**  
**May 31, 2021 and 2020**

---

*Other Exchange Transactions*

Dues and fees are recognized in the period to which the fees relate. Store and cafeteria sales are recognized in the period the sale takes place.

The timing of revenue recognition, billings and cash collections results in contract liabilities which are shown as deferred revenue, tuition credits and locker deposits on the consolidated statements of financial position. Contract liabilities as of May 31, 2021 and 2020 were \$783,899 and \$768,661, respectively.

The opening balances at June 1, 2019 for accounts receivable, deferred revenue, locker deposits and tuition credits were \$36,657, \$396,859, \$41,420, and \$283,300, respectively.

**Reclassification**

Certain amounts in the May 31, 2020 consolidated financial statements have been reclassified for comparative purposes to conform to the presentation in the May 31, 2021 consolidated financial statements.

**2. RESTRICTIONS AND DESIGNATIONS ON NET ASSETS**

**Net Assets Without Donor Restrictions**

*Board-Designated Net Assets*

The Board established board-designated net assets, which are intended for renovation projects and building maintenance. Transfers of these funds can only occur with Board approval. The balance of board-designated net assets was \$50,645,659 and \$37,042,102 as of May 31, 2021 and 2020, respectively. Investment earnings are added to the balance of the board-designated net assets. Investment earnings during the years ended May 31, 2021 and 2020 were \$15,387,072 and \$696,265, respectively. During the years ended May 31, 2021 and 2020, the Board approved a transfer of \$1,783,515 and \$269,309, respectively, from this fund to cover property and equipment purchases.

**Net Assets With Donor Restrictions**

The following net assets are restricted for the following purposes as of May 31:

	<u>2021</u>	<u>2020</u>
<b>Grants and contributions (subject to expenditure for specific purpose)</b>		
Scholarships	\$ 21,771,960	\$ 14,791,910
Accumulated investment gains on donor-designated endowments	6,886,685	2,697,480
Acquisition of art work	1,325,334	839,511
Building fund	1,022,062	999,757
Other programs	<u>661,627</u>	<u>928,017</u>
	<u>31,667,668</u>	<u>20,256,675</u>
<b>Donor-designated endowments (to be held in perpetuity)</b>		
Donor directed use of investment income		
Scholarships	8,622,508	8,622,508
Other programs	2,192,023	2,192,023
Building fund	<u>807,239</u>	<u>807,239</u>
	<u>11,621,770</u>	<u>11,621,770</u>
	<u>\$ 43,289,438</u>	<u>\$ 31,878,445</u>

**The Art Students League of New York, Inc. and Subsidiary**  
**Notes to Consolidated Statements**  
**May 31, 2021 and 2020**

---

Donor-designated endowments are net assets restricted by the donor in perpetuity, the investment income from which is with or without donor restriction. The Organization and Subsidiary's endowment consists of several restricted endowment funds established for specific purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Organization and Subsidiary has interpreted the New York Prudent Management of Institutional Funds Act ("NYPMIFA") as requiring the preservation of fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result, the Organization and Subsidiary classify as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations and decrements to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization and Subsidiary in a manner consistent with the standard of prudence prescribed by NYPMIFA.

Changes in endowment assets are as follows for the years ended May 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 14,319,250	\$ 14,319,250
Endowment policy distribution	(638,410)	(220,997)
Endowment net investment income	<u>4,827,615</u>	<u>220,997</u>
Endowment net assets, end of year	<u>\$ 18,508,455</u>	<u>\$ 14,319,250</u>
Amount required to be maintained in perpetuity	\$ 11,621,770	\$ 11,621,770
Accumulated investment gains	<u>6,886,685</u>	<u>2,697,480</u>
	<u>\$ 18,508,455</u>	<u>\$ 14,319,250</u>

In accordance with NYPMIFA, the Organization and Subsidiary consider the following facts in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a) The duration and preservation of the fund;
- b) The purposes of the Organization and Subsidiary and the donor-restricted endowment fund;
- c) General economic conditions;
- d) The possible effect of inflation and deflation;
- e) The expected total return from income and the appreciation of investments;
- f) Other resources of the Organization and Subsidiary; and
- g) The investment policy of the Organization and Subsidiary.

*Return Objectives and Risk Parameters*

The Organization and Subsidiary have adopted an investment policy for endowment assets with the primary goal of maintaining the original value of the endowment principal, while providing funding to programs supported by its endowment. Under this policy, the endowment assets are invested in a manner that is intended to produce income and preserve principal while assuming a very low level of investment risk. Because the funds are invested in a manner in which principal preservation is permanent, the Organization and Subsidiary allow spending a percentage of current and accumulated income from the endowment.

**The Art Students League of New York, Inc. and Subsidiary**  
**Notes to Consolidated Statements**  
**May 31, 2021 and 2020**

---

*Endowment Spending Policy*

The percentage allowed to be utilized towards the Organization's operations within the Organization's endowment spending policy is up to an amount equal to 5% of the portfolio's average market value over the prior 12 quarters. Any net excess investment earnings over the spending policy on donor-designated endowments are reflected within net assets with donor restrictions to be utilized in future periods and/or programs, with any losses reducing net assets with donor restrictions. Net excess investment income from endowment funds is reflected within net assets with donor restrictions as of May 31, 2021 and 2020.

*Strategies Employed for Achieving Objectives*

To satisfy its return objectives, the Organization and Subsidiary rely on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization and Subsidiary target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**3. FINANCIAL ASSETS AND LIQUIDITY RESOURCES**

As of May 31, 2021 and 2020, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

	<u>2021</u>	<u>2020</u>
Financial assets		
Cash and cash equivalents	\$ 6,260,463	\$ 6,182,037
Accounts receivable	<u>95,727</u>	<u>60,536</u>
	6,356,190	6,242,573
Liquidity resources		
Unused line of credit	<u>3,000,000</u>	<u>-</u>
Total financial assets and liquidity resources available within one year	<u>\$ 9,356,190</u>	<u>\$ 6,242,573</u>

The Organization and Subsidiary generate revenue through education programs offering accessible, affordable, high quality education and instruction in painting, drawing, printmaking, sculpture (including welding and bronze casting) and assemblage. In addition, the Organization and Subsidiary have fundraising campaigns to fund operations and other projects. The Organization and Subsidiary have approximately \$23 million of undesignated investments and approximately \$51 million of board-designated net assets that could be used for general operating expenses upon approval by the Board of Directors.

**4. CONCENTRATION OF CREDIT RISK**

The Organization and Subsidiary maintain their cash and cash equivalents balances in two financial institutions. The balances are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution. As of May 31, 2021 and 2020, the Organization and Subsidiary's cash and cash equivalents uninsured balances totaled \$139,489 and \$570,866, respectively. The Organization and Subsidiary have not experienced any losses in these accounts, and do not believe they are exposed to any significant credit risk on cash and cash equivalents.

The Organization and Subsidiary's investment accounts are insured by the Securities Investor Protection Corporation ("SIPC") up to \$500,000 per customer. At May 31, 2021 and 2020, the Organization and Subsidiary's uninsured investment balances totaled \$122,653,798 and \$91,246,767, respectively.

**The Art Students League of New York, Inc. and Subsidiary**  
**Notes to Consolidated Statements**  
**May 31, 2021 and 2020**

**5. FAIR VALUE OF INVESTMENTS**

**Fair Value Measured on Recurring Basis**

The following tables summarize the assets which have been accounted for at fair value on a recurring basis as of May 31, 2021 and 2020, along with the basis for the determination of fair value.

There were no changes in investment leveling methodology for the years ended May 31, 2021 and 2020. There were no transfers, purchases or issuances of level 3 investments during the years ended May 31, 2021 or 2020.

Investments consist of the following as of May 31, 2021:

	<b>Fair Value</b>				<b>NAV</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
Global equity funds	\$ 15,966,555	\$ -	\$ -	\$ 15,966,555	
Emerging markets	4,709,610	-	-	4,709,610	
Common stocks	6,915,543	-	-	6,915,543	
	<u>\$ 27,591,708</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,591,708</u>	
Investments measured at net asset value (1)					89,806,216
				Total investments	<u>\$ 117,397,924</u>

Investments consist of the following as of May 31, 2020:

	<b>Fair Value</b>				<b>NAV</b>
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>	
Global equity funds	\$ 12,397,357	\$ -	\$ -	\$ 12,397,357	
Emerging markets	2,175,856	-	-	2,175,856	
Common stocks	4,816,676	-	-	4,816,676	
	<u>\$ 19,389,889</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 19,389,889</u>	
Investments measured at net asset value (1)					67,103,750
				Total investments	<u>\$ 86,493,639</u>

(1) In accordance with subtopic 820-10, certain investments that were measured at net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

The following table lists investments measured using the practical expedient by class and investment strategy as well as the unfunded commitments, redemption frequency and notice period for investments in entities that calculate fair value using net asset value per share or its equivalent:

**The Art Students League of New York, Inc. and Subsidiary**  
**Notes to Consolidated Statements**  
**May 31, 2021 and 2020**

<u>Strategies</u>	<u># of Funds</u>	<u>2021 Valuation</u>	<u>2020 Valuation</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency</u>	<u>Redemption Notice Period</u>
Large capital equity (a)	2	\$ 15,003,189	\$ 10,223,501	\$ -	Monthly-Quarterly	30-45 days
Small capital equity (a)	1	4,663,144	2,390,313	-	Quarterly	45 days
International developed equity (a)	6	30,845,050	21,367,939	-	Monthly - Annually	10-180 days
Emerging markets (b)	2	7,394,690	3,538,360	-	Monthly - Annually	15-60 days
Aggregate fixed income (c)	1	8,537,329	7,543,202	-	Monthly	5 days
High yield (d)	1	3,228,210	2,816,474	-	Monthly	45 days
Global bonds (d)	1	4,004,531	4,914,617	-	Bimonthly	5 days
Hedge funds (e)	4	14,353,442	14,091,244	-	Quarterly - Triennially	60 days-6 months
Private assets (f)	7	1,776,631	218,100	4,437,831	Illiquid	Not applicable
		<u>\$ 89,806,216</u>	<u>\$ 67,103,750</u>	<u>\$ 4,437,831</u>		

- a) Equities are actively managed funds that invest in stocks and other securities issued by companies in domestic and foreign markets. Investments are held within a commingled trust or limited partnership structure.
- b) Emerging market funds include a commingled fund that invests in a diversified portfolio of equity securities of companies incorporated in emerging markets.
- c) The aggregate fixed income strategy seeks attractive total returns from income and price appreciation by investing in a diversified portfolio of multi-currency debt issued by government and non-government issuers.
- d) High yield and global bonds are opportunity classes that can produce superior returns and diverse sources of alpha for a bond portfolio.
- e) Hedge funds are actively managed funds and fund-of-funds employing a variety of strategies, including not limited to multi-strategy, absolute return, long/short arbitrage, event-driven, distressed debt and credit. Hedge funds have the ability to invest long and short, shift from a net long position to a net short position, apply leverage, invest in derivatives and invest in the debt or equity of public and private companies in domestic and foreign markets.
- f) Private assets are actively managed funds and fund-of-funds that invest in private and public companies through a variety of strategies including, but not limited to early and late stage venture capital, leveraged buy-outs, distressed assets, special situations and credit strategies. These investments are generally not redeemable from the fund manager. Instead, distributions are received throughout the liquidation of the underlying assets of the fund.

**Investment Income, Net**

Investment income, net consists of the following for the years ended May 31:

	<u>2021</u>	<u>2020</u>
Unrealized gain (loss) on investments	\$ 25,306,512	\$(10,391,911)
Realized gain on sale of investments	7,348,480	10,251,929
Interest and dividend income	3,891,274	2,040,212
Investment fees	<u>(617,316)</u>	<u>(185,261)</u>
Total investment income, net	<u>\$ 35,928,950</u>	<u>\$ 1,714,969</u>

**The Art Students League of New York, Inc. and Subsidiary**  
**Notes to Consolidated Statements**  
**May 31, 2021 and 2020**

---

**6. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following at May 31:

<u>Description</u>	<u>Life/Years</u>	<u>2021</u>	<u>2020</u>
Building and improvements	20-30	\$ 10,813,968	\$ 9,945,638
Equipment and furniture	3-10	2,321,594	2,467,085
Land	N/A	200,000	200,000
Land improvements	25	<u>678,827</u>	<u>678,827</u>
		14,014,389	13,291,550
Construction in progress	N/A	513,749	124,368
Less: Accumulated depreciation		<u>(8,132,005)</u>	<u>(8,077,711)</u>
		<u>\$ 6,396,133</u>	<u>\$ 5,338,207</u>

Depreciation expense for the years ended May 31, 2021 and 2020 was \$628,874 and \$570,685, respectively.

Construction in progress consists of costs incurred in relation to capital renovations. Since the projects were not completed on May 31, 2021 and 2020, respectively, the costs have not been depreciated.

**7. COMMITMENTS AND CONTINGENCIES**

- a) Government supported programs are subject to audit by the granting agency.
- b) The Organization and Subsidiary obtained a Temporary Certificate of Occupancy during the year ended May 31, 2020. The initial Temporary Certificate of Occupancy was obtained on May 3, 2018 and has been renewed with a current expiration date of November 18, 2021. The Organization is in a process of extending the Temporary Certificate of Occupancy. Each temporary certificate is valid for 90 days. The permanent Certificate of Occupancy will not be available until the exterior work is completed including the scaffolding, sidewalk shed and construction fence.
- c) The Organization has received two payable-on-death contributions in prior years totaling \$1,571,857 which bypassed the probate process. Liabilities of \$1,016,851 and \$1,571,851 were shown as of May 31, 2021 and 2020, respectively. As there may be a legal obligation if the wills are probated, the amounts have been reflected as liabilities within the consolidated statements of financial position. During the year ended May 31, 2021, one of these has been recorded as revenue of \$555,000 as the estate has been finalized.
- d) During the year ended May 31, 2021, the Organization obtained a 12-month revolving line of credit with a financial institution with a maximum availability of \$3,000,000, bearing interest at the 1 Month LIBOR + 1.27%. The line of credit is collateralized by Organization's investments held by the financial institution. There were no borrowings during the year ended May 31, 2021.
- e) The Organization has committed to invest additional funds of up to \$4,437,831 in private equity funds.

**The Art Students League of New York, Inc. and Subsidiary**  
**Notes to Consolidated Statements**  
**May 31, 2021 and 2020**

---

**8. CONCENTRATION OF CONTRIBUTIONS**

The Organization and Subsidiary received approximately 69% of the total contributions from two estates for the year ended May 31, 2021.

**9. EMPLOYEE BENEFIT PLAN**

The Organization and Subsidiary have a 401(k) salary deferral plan. The plan covers full-time employees. Under the plan, the Organization and Subsidiary may make a contribution to the employee plan on a discretionary basis. Employees may make contributions to the plan up to the maximum amounts allowed by the Internal Revenue Code. During the year ended May 31, 2020, the Organization and Subsidiary contributed \$85,375. Due to COVID-19, the Organization and Subsidiary paused its 401(k) match to employees.

**10. FUNCTIONAL ALLOCATION OF EXPENSES**

The cost of providing the various programs and supporting services has been summarized on a functional basis in the consolidated statements of activities and detailed within the consolidated statements of functional expenses. Certain costs have been allocated among the program and supporting services based on analysis of personnel time and utilization of related activities if there is not a direct association to one of the functional categories. Management and general expense include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the Organization and Subsidiary. The expenses that are allocated include utilities and depreciation, which are allocated on a square footage basis, as well as salaries, employee benefits, payroll taxes, office expenses, and insurance, which are allocated on the basis of estimates of time and effort.

**11. PAYCHECK PROTECTION PROGRAM**

On April 6, 2020, the Organization issued an unsecured promissory note (the "PPP1 Loan") for \$1,407,150 through programs established through the Paycheck Protection Program ("PPP") under the CARES Act (the "Loans") and administered by the U.S Small Business Administration (the "SBA"). The PPP1 Loan was guaranteed by the SBA. On April 7, 2021, the Organization was informed that its application for forgiveness of \$1,407,150 of the PPP1 Loan was approved. Accordingly, the Organization recorded it as forgiveness of debt, of which \$1,013,173 relates to expenses incurred during the year ended May 31, 2020, which is shown as non-operating activities in the accompanying consolidated statements of activities with the remaining balance of \$393,977 shown within operating activities.

On March 26, 2021, the Organization issued an unsecured promissory note (the "PPP2 Loan") for \$1,183,000 through the PPP established under the Consolidated Appropriations Act of 2021, and administered by the SBA. The PPP2 Loan is guaranteed by the SBA. The PPP2 Loan may be forgiven, in whole or in part, if the Organization was eligible for the PPP2 Loan at the time of application, used the loan proceeds for eligible expenses within the defined 24-week period after the PPP2 Loan was disbursed ("Covered Period"), and otherwise satisfied PPP requirements. The PPP2 Loan was made through Chase bank (the "Lender"), has a five-year term, bears interest at 0.98% per annum, and matures on March 26, 2026.

Subsequent to May 31, 2021, the Organization was informed that its application for forgiveness of \$1,183,000 of the PPP2 Loan was approved. Accordingly, the Organization will record it as forgiveness of debt during the year ending May 31, 2022.

**The Art Students League of New York, Inc. and Subsidiary**  
**Notes to Consolidated Statements**  
**May 31, 2021 and 2020**

---

**12. RISKS AND UNCERTAINTIES**

Management continues to evaluate the COVID-19 virus in the United States and its impact on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on the Organization and Subsidiary's financial condition and results of operations, the specific impact is not readily determinable as of the date of these consolidated financial statements.

**13. EVALUATION OF SUBSEQUENT EVENTS**

The Organization and Subsidiary have evaluated subsequent events through November 29, 2021, the date the consolidated financial statements were available to be issued. Management has determined that there are no subsequent events that require adjustment to or disclosure in the consolidated financial statements, except as discussed in Note 11.