

CHAUTAUQUA INSTITUTION AND SUBSIDIARY

***CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION***

***YEARS ENDED
DECEMBER 31, 2020 AND 2019***

CHAUTAUQUA INSTITUTION AND SUBSIDIARY

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CHAUTAUQUA INSTITUTION AND SUBSIDIARY

DECEMBER 31, 2020

OFFICERS AND EXECUTIVE STAFF OF THE CORPORATION

Candace L. Maxwell	-	Chairman, Board of Trustees
Marnette Perry	-	Vice Chairman, Board of Trustees
Michael E. Hill	-	President
Sebastian A. Baggiano	-	Executive Vice President
George L. Follansbee, Jr.	-	Senior Vice President and Chief Advancement Officer
Deborah Sunya Moore	-	Senior Vice President and Chief Program Officer
Emily F. Morris	-	Senior Vice President and Chief Brand Officer
Rindy S. Barmore	-	Executive Assistant and Corporate Secretary
Matthew J. Ewalt	-	Vice President and Emily and Richard Smucker Chair for Education
Gene V. Robinson	-	Vice President of Religion and Senior Pastor
John L. Shedd	-	Vice President of Campus Planning and Operations
Shannon D. Rozner	-	Senior Vice President of Community Relations and General Counsel
Amy J. Gardner	-	Vice President of Advancement and Campaign Director

EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES

Candace L. Maxwell, Chairman
Marnette Perry, Vice Chair
Robert W. Jeffrey
Kyle Keogh
Nancy S. Kyler
Michael D. Metzger
Richard J. Osborne
Timothy M. Renjilian (by office)
Richard R. Wade

CHAUTAUQUA INSTITUTION AND SUBSIDIARY

AS OF DECEMBER 31, 2020

BOARD OF TRUSTEES

Christine M.N. Brueschke	Anita Lin
*Hugh A. Butler	Candace L. Maxwell
Judith S. Claire	Sarah Hagen McWilliams
Helene G. Gayle	Michael D. Metzger
Nancy Gibbs	*William H. Neches
Izumi Hara	Richard J. Osborne
John Haughton	David Peckinpaugh
Terrance N. Horner, Jr.	Sheila A. Penrose
*Robert W. Jeffrey	Marnette Perry
Kyle Keogh	Larry D. Thompson
*James M. Klingensmith	Dorothy E. Trefts
Nancy S. Kyler	Richard R. Wade

*Trustees elected by corporation

HONORARY TRUSTEES FOR LIFE

Richard H. Miller
George T. Snyder

CHAUTAUQUA INSTITUTION AND SUBSIDIARY

ORGANIZATION AND OPERATION

Founded

1874

Incorporated

1902 by a special act of the New York State Legislature

Organized

For educational, cultural, religious and recreational purposes

Location

Chautauqua, New York (Headquarters)
Washington, D.C.
Online at assembly.chq.org

Activities

Year-round at Chautauqua location, centering on the months of May - October
Programs, conversations, and classes offered year-round at assembly.chq.org
Selected administrative and program activities at Washington, D.C. location September - May

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Chautauqua Institution
Chautauqua, New York

We have audited the accompanying consolidated financial statements of ***Chautauqua Institution and Subsidiary***, which comprise the consolidated statements of financial position as of December 31, 2020 and 2019, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the 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 controls 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 audit 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 controls relevant to the entity'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 entity's internal controls. 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 qualified audit opinion.

Basis for Qualified Opinion

As explained in Note 15 to the consolidated financial statements, the Institution does not record its beneficial interest in endowments held by Chautauqua Foundation, Inc. Accounting principles generally accepted in the United States of America require that the present value of the estimated future cash receipts from endowments held by others should be recognized by the Institution when notified of the endowment's existence.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ***Chautauqua Institution and Subsidiary*** at December 31, 2020 and 2019, and the changes in their consolidated net assets and their consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
April 15, 2021

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

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<i>As of December 31,</i>	2020	2019
Assets		
Current assets:		
Cash and cash equivalents		
Unrestricted cash	\$ 9,406,446	\$ 10,591,941
Donor restricted cash	2,724,480	1,512,000
Accounts receivable	163,700	712,253
Inventories	476,437	535,123
Prepaid expenses and deferred charges	689,398	450,603
Current portion of note receivable (Note 4)	--	4,334
Current portion of contributions receivable (Note 3)	2,434,448	5,777,315
Total current assets	15,894,909	19,583,569
Non-current assets:		
Investments held by Chautauqua Foundation, Inc. (Note 15)	1,147,519	661,911
Note receivable (Note 4)	--	233,697
Contributions receivable (Note 3)	1,178,824	975,044
Property and equipment, less accumulated depreciation (Note 5)	101,457,294	103,491,771
Other assets (Note 16)	24,000	24,000
Total non-current assets	103,807,637	105,386,423
Total assets	\$ 119,702,546	\$ 124,969,992
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,007,253	\$ 2,488,990
Capital related payables	91,705	--
Deferred income	1,144,215	1,584,582
Paycheck Protection Program loans (Note 7)	3,357,700	--
Current maturities of long-term debt (Note 8)	52,401	55,396
Total current liabilities	7,653,274	4,128,968
Long-term liabilities		
Long-term debt, less current maturities (Note 8)	130,344	181,756
Total long-term liabilities	130,344	181,756
Total liabilities	7,783,618	4,310,724
Net assets:		
Without donor restriction	106,151,630	117,784,267
With donor restriction (Note 9)	5,767,298	2,875,001
Total net assets	111,918,928	120,659,268
	\$ 119,702,546	\$ 124,969,992

See accompanying independent auditor's report and notes to consolidated financial statements.

**CHAUTAUQUA INSTITUTION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES**

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Years ended December 31,	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenues, gains and other support:						
Contributions (Note 3)	\$ 5,063,300	\$ 4,412,963	\$ 9,476,263	\$ 3,206,662	\$ 2,076,088	\$ 5,282,750
Income from Chautauqua Foundation, Inc.	1,282,015	2,270,529	3,552,544	39,687	2,213,981	2,253,668
Capital improvements service charge	437,933	--	437,933	441,934	--	441,934
Program support:						
Gate, parking and waterfront	141,740	--	141,740	14,921,549	--	14,921,549
Performing and visual arts	239,143	--	239,143	1,676,122	--	1,676,122
Education and youth services	92,121	--	92,121	1,169,931	--	1,169,931
Recreation	1,191,296	--	1,191,296	1,669,009	--	1,669,009
Enterprise activities	574,918	--	574,918	3,460,418	--	3,460,418
Chautauqua Hotel Company, Inc.	908,642	--	908,642	6,562,013	--	6,562,013
Operation, administration and support	1,274,894	--	1,274,894	1,714,311	--	1,714,311
Miscellaneous income	23,200	--	23,200	230,996	--	230,996
Change in undistributed restricted funds	--	485,608	485,608	--	(18,757)	(18,757)
Investment income	70,876	--	70,876	135,509	--	135,509
Gain on sale of assets	203,848	--	203,848	55,030	--	55,030
Net assets released from restrictions:						
Satisfaction of program restrictions	4,162,502	(4,162,502)	--	5,221,101	(5,221,101)	--
Expiration of time restrictions	114,301	(114,301)	--	148,482	(148,482)	--
Total revenues, gains and other support	15,780,729	2,892,297	18,673,026	40,652,754	(1,098,271)	39,554,483
Expenses:						
Performing and visual arts	3,751,772	--	3,751,772	9,879,378	--	9,879,378
Religion	549,713	--	549,713	706,929	--	706,929
Education and youth services	1,609,400	--	1,609,400	2,530,755	--	2,530,755
Recreation	1,075,838	--	1,075,838	1,532,892	--	1,532,892
Gate and parking	631,335	--	631,335	1,082,936	--	1,082,936
Enterprise activities	755,404	--	755,404	3,418,570	--	3,418,570
Chautauqua Hotel Company, Inc.	2,998,170	--	2,998,170	6,778,880	--	6,778,880
Operation, administration and support	11,200,296	--	11,200,296	9,432,720	--	9,432,720
Depreciation (Note 5)	4,841,438	--	4,841,438	4,725,305	--	4,725,305
Total expenses	27,413,366	--	27,413,366	40,088,365	--	40,088,365
Change in net assets	(11,632,637)	2,892,297	(8,740,340)	564,389	(1,098,271)	(533,882)
Net assets, at beginning of year	117,784,267	2,875,001	120,659,268	117,219,878	3,973,272	121,193,150
Net assets, at end of year	\$ 106,151,630	\$ 5,767,298	\$ 111,918,928	\$ 117,784,267	\$ 2,875,001	\$ 120,659,268

See accompanying independent auditor's report and notes to consolidated financial statements.

CHAUTAQUA INSTITUTION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2020

	Program Services							Support Services			Chautauqua Hotel Company	
	Performing and Visual Arts	Religion	Education & Youth Services	Recreation	Gate, Parking, and Enterprise	General Operations	Total	Management and General	Fundraising	Total		Total
Salaries and employee benefits												
Salaries and wages	\$ 2,566,827	\$ 288,259	\$ 649,467	\$ 621,320	\$ 605,865	\$ 1,824,440	\$ 6,556,178	\$ 2,207,596	\$ 1,255,457	\$ 3,463,053	\$ --	\$ 10,019,231
Employee benefits and payroll taxes	495,264	75,095	158,089	201,158	136,813	968,387	2,034,806	237,876	286,396	524,272	--	2,559,078
	3,062,091	363,354	807,556	822,478	742,678	2,792,827	8,590,984	2,445,472	1,541,853	3,987,325	--	12,578,309
Grants expense	--	--	--	--	--	--	--	--	--	--	--	--
Legal and accounting	--	--	--	--	--	--	--	388,341	--	388,341	--	388,341
Advertising and promotion	325	--	370	4,505	1,032	359,722	365,954	51,261	42,548	93,809	--	459,763
Office expense	3,785	142	2,909	2,302	20,194	39,321	68,653	20,865	8,568	29,433	--	98,086
Information technology	--	--	--	--	--	13,669	13,669	250,110	34,189	284,299	--	297,968
Utilities	135,708	2,922	33,488	40,170	78,953	236,110	527,351	8,314	--	8,314	--	535,665
Hospitality/Travel	68,116	57,789	14,489	13,343	4,847	47,728	206,312	119,233	53,903	173,136	--	379,448
Interest	--	--	--	--	--	51	51	--	--	--	22,356	22,407
Insurance	--	--	--	--	--	--	--	525,715	--	525,715	--	525,715
Program expense	274,052	112,689	524,349	5,500	(8,800)	154,505	1,062,295	188,894	63	188,957	--	1,251,252
Maintenance	34,961	739	35,779	29,534	41,053	337,996	480,062	18,282	402	18,684	--	498,746
Credit card fees	--	--	--	--	164,160	--	164,160	--	--	--	--	164,160
Telephone	26,743	4,615	6,728	3,206	3,656	23,574	68,522	104,122	5,458	109,580	--	178,102
Dues and subscriptions	10,704	1,278	3,094	13,186	3,025	1,804	33,091	14,407	6,155	20,562	--	53,653
Initiatives	--	--	--	--	--	25,733	25,733	76,205	--	76,205	--	101,938
Other	54,556	3,121	69,517	379	879	135,760	264,212	142,179	15,438	157,617	--	421,829
Real estate taxes	--	--	--	--	--	--	--	211,077	--	211,077	--	211,077
Rental	(1,996)	--	--	--	(631)	--	(2,627)	93,646	--	93,646	--	91,019
Supplies	65,642	3,064	111,121	138,101	37,647	268,483	624,058	65,409	21,540	86,949	--	711,007
Training	17,085	--	--	--	--	--	17,085	152,103	20,946	173,049	--	190,134
Cost of goods sold	--	--	--	3,134	298,046	--	301,180	--	--	--	--	301,180
Income taxes	--	--	--	--	--	--	--	250	--	250	--	250
Consultants	--	--	--	--	--	--	--	--	136,065	136,065	--	136,065
Depreciation	--	--	--	--	--	4,841,438	4,841,438	--	--	--	364,252	5,205,690
Chautauqua Hotel Company, Inc.	--	--	--	--	--	--	--	--	--	--	2,611,562	2,611,562
Total expenses	3,751,772	549,713	1,609,400	1,075,838	1,386,739	9,278,721	17,652,183	4,875,885	1,887,128	6,763,013	2,998,170	27,413,366
Expenses allocated												
Depreciation	2,002,582	143,296	512,992	310,722	--	(3,114,698)	(145,106)	145,106	--	145,106	--	--
Support services	869,883	62,245	222,834	134,972	--	750,063	2,039,997	(2,039,997)	--	(2,039,997)	--	--
	\$ 6,624,237	\$ 755,254	\$ 2,345,226	\$ 1,521,532	\$ 1,386,739	\$ 6,914,086	\$ 19,547,074	\$ 2,980,994	\$ 1,887,128	\$ 4,868,122	\$ 2,998,170	\$ 27,413,366

See accompanying independent auditor's report and notes to consolidated financial statements.

**CHAUTAUQUA INSTITUTION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

Year ended December 31, 2019

	Program Services							Support Services			Chautauqua Hotel Company	
	Performing and Visual Arts	Religion	Education & Youth Services	Recreation	Gate, Parking, and Enterprise	General Operations	Total	Management and General	Fundraising	Total	Company	Total
Salaries and employee benefits												
Salaries and wages	\$ 4,534,884	\$ 326,301	\$ 1,161,251	\$ 884,651	\$ 2,016,233	\$ 1,548,518	\$ 10,471,838	\$ 2,057,636	\$ --	\$ 2,057,636	\$ --	\$ 12,529,474
Employee benefits and payroll taxes	613,190	85,980	198,617	227,862	139,182	1,270,244	2,535,075	245,024	--	245,024	--	2,780,099
	5,148,074	412,281	1,359,868	1,112,513	2,155,415	2,818,762	13,006,913	2,302,660	--	2,302,660	--	15,309,573
Grants expense	813,259	--	--	--	--	--	813,259	--	--	--	--	813,259
Legal and accounting	--	--	--	--	--	(5,500)	(5,500)	132,130	--	132,130	--	126,630
Advertising and promotion	3,268	--	775	3,557	6,187	276,407	290,194	250,509	--	250,509	--	540,703
Office expense	9,418	1,062	6,212	673	46,458	40,302	104,125	50,929	--	50,929	--	155,054
Information technology	--	--	--	--	--	17,794	17,794	16,859	--	16,859	--	34,653
Utilities	218,588	3,578	45,087	38,626	106,689	264,908	677,476	8,791	--	8,791	--	686,267
Hospitality/Travel	1,004,878	103,611	204,571	29,663	559,114	241,003	2,142,840	205,506	--	205,506	--	2,348,346
Interest	--	--	--	--	--	--	--	--	--	--	38,083	38,083
Insurance	--	--	--	--	--	--	--	459,895	--	459,895	--	459,895
Program expense	1,981,870	102,880	609,050	15,601	57,205	156,455	2,923,061	57,284	--	57,284	--	2,980,345
Maintenance	107,618	1,717	51,590	59,083	67,570	529,449	817,027	42,852	--	42,852	--	859,879
Credit card fees	--	--	--	--	517,383	--	517,383	--	--	--	--	517,383
Fundraising	--	--	--	--	--	--	--	--	350,000	350,000	--	350,000
Telephone	26,490	3,761	7,193	2,596	3,917	26,544	70,501	127,248	--	127,248	--	197,749
Dues and subscriptions	26,452	1,466	3,191	15,187	6,091	2,601	54,988	16,847	--	16,847	--	71,835
Initiatives	--	--	--	--	--	--	--	127,795	--	127,795	--	127,795
Other	60,906	7,562	60,957	415	22,186	71,306	223,332	121,211	--	121,211	--	344,543
Real estate taxes	--	--	--	--	--	--	--	199,969	--	199,969	--	199,969
Rental	38,466	--	--	14,867	(8,025)	1,089	46,397	95,886	--	95,886	--	142,283
Supplies	406,989	69,011	182,261	234,988	181,190	253,117	1,327,556	71,043	--	71,043	--	1,398,599
Training	33,102	--	--	--	--	--	33,102	99,294	--	99,294	--	132,396
Cost of goods sold	--	--	--	5,123	780,126	--	785,249	--	--	--	--	785,249
Income taxes	--	--	--	--	--	--	--	1,775	--	1,775	--	1,775
Depreciation	--	--	--	--	--	4,725,305	4,725,305	--	--	--	342,528	5,067,833
Chautauqua Hotel Company, Inc.	--	--	--	--	--	--	--	--	--	--	6,398,269	6,398,269
Total expenses	9,879,378	706,929	2,530,755	1,532,892	4,501,506	9,419,542	28,571,002	4,388,483	350,000	4,738,483	6,778,880	40,088,365
Expenses allocated												
Depreciation	1,954,545	139,859	500,687	303,269	--	(3,039,985)	(141,625)	141,625	--	141,625	--	--
Support services	871,996	62,397	223,375	135,300	--	751,884	2,044,952	(2,044,952)	--	(2,044,952)	--	--
	\$ 12,705,919	\$ 909,185	\$ 3,254,817	\$ 1,971,461	\$ 4,501,506	\$ 7,131,441	\$ 30,474,329	\$ 2,485,156	\$ 350,000	\$ 2,835,156	\$ 6,778,880	\$ 40,088,365

See accompanying independent auditor's report and notes to consolidated financial statements.

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS (Note 10)

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Years ended December 31,	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ (8,740,340)	\$ (533,882)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,205,690	5,067,833
Gain on sale of assets	(203,848)	(55,030)
Change in undistributed restricted funds (non-cash)	(485,608)	18,757
Contributions restricted for capital needs	(4,955,251)	(5,192,337)
Change in operating assets and liabilities:		
Accounts receivable	548,553	98,332
Inventories	58,686	7,169
Prepaid expenses and deferred charges	(238,795)	(244,308)
Contributions receivable	3,139,087	4,528,199
Accounts payable and accrued expenses	518,263	67,093
Deferred income	(440,367)	1,375,478
Other assets	--	6,000
Total adjustments	3,146,410	5,677,186
Net cash provided by (used in) operating activities	(5,593,930)	5,143,304
Cash flows from investing activities:		
Net distribution of investments held by Chautauqua Foundation, Inc.	--	48,415
Collection on note receivable	238,031	4,176
Capital expenditures	(3,114,508)	(6,149,941)
Proceeds from sale of assets	239,837	55,030
Net cash used in investing activities	(2,636,640)	(6,042,320)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loans	3,357,700	--
Proceeds from contributions restricted for capital needs	4,955,251	5,192,337
Principal payments on long-term debt	(55,396)	(58,626)
Net cash provided by financing activities	8,257,555	5,133,711
Net change in cash and cash equivalents	26,985	4,234,695
Cash and cash equivalents, beginning of year	12,103,941	7,869,246
Cash and cash equivalents, end of year	\$ 12,130,926	\$ 12,103,941

See accompanying independent auditor's report and notes to consolidated financial statements.

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

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NOTE 1 - SUMMARY OF ACCOUNTING POLICIES

Nature of Business

Chautauqua Institution (the Institution) is a non-profit organization dedicated to the exploration of the best of human values and to the enrichment of life. The Institution expresses this mission primarily through educational, religious, cultural and recreational programming during a nine week season, from late June through late August. In addition, a variety of educational programs are held throughout the year and content is available year round online. The Institution's summer program includes fine and performing arts, lectures, religious services, schools for the training of young artists, youth camps, educational classes, and recreational activities. To support these programs, the Institution owns and maintains approximately one hundred facilities and over five hundred acres. The Institution serves in excess of 100,000 visitors each year representing all ages and backgrounds.

Chautauqua Hotel Company, Inc., (the Hotel) a wholly-owned subsidiary, operates the Athenaeum Hotel, four other restaurant establishments (Brick Walk Café, Afterwords Café, Bellinger Hall and Gallery Café), a convenience store (Plaza Market) located on the grounds of the Institution, and a self-service laundry facility (Shaw Laundry). All enterprises are in full operation during the nine week summer season. The Athenaeum Hotel operates an additional four to five months during the year. This includes operating one of the restaurants, Bellinger Hall, year round, which includes the Institution's conferencing activities.

Basis of Presentation

The Institution's consolidated financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards Codification Topic No. 958, *Not-for-Profit Entities*. Under Topic 958, the Institution is required to report information regarding its consolidated financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net Assets Without Donor Restriction - net assets that are not subject to or no longer subject to donor-imposed stipulations.

Net Assets With Donor Restriction - net assets whose use is limited by donor-imposed time and/or purpose restrictions.

Promises to Give

Contributions are recognized when the donor makes a promise to give to the Institution that is, in substance, unconditional. The Institution uses the allowance method to estimate uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made. No allowance was considered necessary as of December 31, 2020 and 2019.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Restricted and Unrestricted Support

Support that is restricted by the donor/grantor is reported as an increase in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the support is recognized. All other donor/grantor restricted contributions are reported as increases in net assets with donor restriction. When a restriction expires or is satisfied, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the Statements of Activities as net assets released from restrictions.

Advertising Costs

The Institution's policy is to expense all advertising costs when incurred and totaled \$172,412 and \$226,350 during the years ended December 31, 2020 and 2019, respectively.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant estimates are disclosed in other notes of the consolidated financial statements.

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, the Institution considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Institution maintains cash balances at various financial institutions of both interest and noninterest bearing accounts. The Federal Deposit Insurance Corporation insures accounts at each of the financial institutions up to \$250,000. In addition, the Institution has additional collateral for a portion of its interest bearing accounts. There are times during the year when certain account balances are in excess of federally insured limits.

Inventories

Inventories are valued at lower of cost (first-in, first-out) or net realizable value.

Property, Equipment and Depreciation

Property and equipment are stated at 1938 revaluations with subsequent additions at cost. All acquisitions of property and equipment and all expenditures for repairs, maintenance, renewals, and betterments that prolong the useful lives of assets are capitalized. Depreciation is computed on the straight-line method based on estimated useful lives ranging from 3 to 50 years. Donations of property and equipment are recorded as contributions at fair value at the date of donation.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Deferred Income

Deferred income consists of unearned fees and is recognized as income when earned or the condition has been satisfied.

Deferred Taxes

Deferred income taxes are provided on the difference in earnings determined for tax and financial reporting purposes on the Hotel.

Principles of Consolidation

The consolidated financial statements include the accounts of the Institution and its wholly-owned subsidiary, the Hotel. Intercompany payables and receivables have been eliminated in consolidation. Intercompany management fees and charges are reflected at gross in the Consolidated Statements of Activities.

Fair Value of Financial Instruments

The carrying amounts of financial instruments including cash and accounts payable approximate their fair market value due to the short term maturities of these instruments. The carrying value of notes receivable and term debt approximates fair value based on current market rates and conditions.

Functional Allocation of Expenses

The Institution allocates its expenses on a functional basis among its various programs. Expenses that can be identified with a specific program are recorded directly according to their natural expense classification. Other expenses that are common to several functions are allocated by various methods.

Revenue Recognition

Revenue is recognized when performance obligations under the terms of a contract with the customer are satisfied which generally occurs with the transfer of goods or services to the customer.

NOTE 2 – REVENUE RECOGNITION

Disaggregation of Revenues

As disclosed in Note 1, the Institution operates a non-profit organization dedicated to the exploration of the best of human values and to the enrichment of life, by providing educational, religious, cultural and recreational programming to visitors. As a result, the Organization is dependent on the strength of the economy and its ability to attract visitors and collect amounts owed. Disaggregated revenues of the Institution are presented in the Consolidated Statements of Activities (page 6), and include gate and parking, arts, education and youth services, recreation, enterprise, Chautauqua Hotel Company, Inc. operation, administration, and support, and miscellaneous income.

Contract Balances

Accounts receivable represent the Institution's unconditional right to receive consideration from a visitor and are recorded at net invoiced amounts, less an estimated allowance for uncollectible accounts. The Organization has no contract assets as of December 31, 2020 and 2019. Contract liabilities consist of deferred ticket sales, gift certificates and other fees which totaled \$1,144,215 and \$1,584,582 as of December 31, 2020 and 2019, respectively.

Performance Obligations

The Institution's performance obligations are satisfied when goods or services have been performed, generally at the time the visitor is granted access to the grounds, attends an event, or with the transfer of goods to the customer. Consideration for the goods is fixed at the time of purchase with payment generally made in advance of performance obligations.

The Hotel's performance obligations are satisfied when goods or services have been performed, generally at the time of the hotel stay or guest visit to restaurant establishments. Consideration for the goods is fixed at the time of reservation or order with payment expected generally after the performance obligation has been satisfied.

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 3 – CONTRIBUTION REVENUE AND RECEIVABLES

Contributions presented in the Consolidated Statements of Activities are presented below by their designation:

	2020			2019		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Contributions:						
Cash received from Chautauqua Fund	\$ 5,063,300	\$ 1,655,253	\$ 6,718,553	\$ 3,206,662	\$ 1,707,550	\$ 4,914,212
Cash received for other operation support	--	--	--	--	51,858	51,858
Cash received or previously deferred for capital contributions	--	4,955,251	4,955,251	--	5,192,337	5,192,337
Net payments on pledges	--	(2,197,541)	(2,197,541)	--	(4,875,657)	(4,875,657)
Total contributions	\$ 5,063,300	\$ 4,412,963	\$ 9,476,263	\$ 3,206,662	\$ 2,076,088	\$ 5,282,750

NOTE 3 – CONTRIBUTION REVENUE AND RECEIVABLES (CONTINUED)

Included in contributions receivable are the following unconditional promises to give:

	2020	2019
Gross – unconditional promises to give	\$ 3,667,422	\$ 6,791,492
Less unamortized discount	(54,150)	(39,133)
Net unconditional promises to give	\$ 3,613,272	\$ 6,752,359
Amounts due in:		
Less than one year	\$ 2,434,448	\$ 5,777,315
One to five years	1,178,824	975,044
	\$ 3,613,272	\$ 6,752,359

To determine present value, the interest rate applied was 3% for both 2020 and 2019, respectively. As of December 31, 2020 and 2019, the Institution expects contributions receivable to be fully collectible. (See Note 21).

As of December 31, 2020 and 2019, the total outstanding pledge commitments, net of discounts, amounted to approximately \$1,129,000 and \$5,564,000, respectively related to the Amphitheater renewal construction project. Also, as of December 31, 2020, the Institution has \$400,000 of a conditional pledge outstanding as the conditions on which they depend have not been substantially met.

NOTE 4 - NOTE RECEIVABLE

During 2008, the Institution sold property in exchange for a note receivable, bearing interest at a fixed rate of 4.4%. The purchaser pledged the property as collateral for the note. During the year ended December 31, 2020, the note was paid in full.

NOTE 5 - PROPERTY AND EQUIPMENT

Major classes of property and equipment consist of:

	2020	2019
Land and improvements	\$ 18,124,407	\$ 17,812,549
Buildings and furnishings	127,027,800	125,275,685
Recreation facilities	9,442,034	9,432,006
Equipment	15,306,717	14,284,977
Construction in progress	133,413	154,836
Golf course and facilities	6,825,286	6,787,463
	176,859,657	173,747,516
Less accumulated depreciation	(75,402,363)	(70,255,745)
Net property and equipment	\$ 101,457,294	\$ 103,491,771

Depreciation expense for the Institution totaled \$4,841,438 and \$4,725,305 for the years ended December 31, 2020 and 2019, respectively. Depreciation expense for the Hotel totaled \$364,252 and \$342,528 (including amortization of \$989 and \$989) for the years ended December 31, 2020 and 2019, respectively. Depreciation expense related to the Hotel is combined with other expenses and is included within the expense line labeled Chautauqua Hotel Company, Inc. on the Consolidated Statements of Activities.

NOTE 6 - LINE OF CREDIT

The Institution has an unsecured \$7,000,000 bank line of credit available which bears interest at the prime rate. The Hotel has an unsecured \$400,000 line of credit available which is also at the prime rate. There were no outstanding balances on either line of credit at December 31, 2020 and 2019.

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOANS

In response to the coronavirus (COVID-19) outbreak in 2020, the U.S. Federal Government enacted the Coronavirus Aid, Relief, and Economic Security Act that, among other economic stimulus measures, established the Paycheck Protection Program (PPP) to provide small business loans. In April 2020, the Institution and Hotel obtained PPP loans for \$2,723,900 and \$633,800, respectively, which are included in the consolidated balance sheet as of December 31, 2020. The Institution's note matures in April 2022 and bears interest at a fixed annual rate of 1%. Management believes it used all the proceeds from the note for qualifying expenses and thus expects to receive approval of its application for the loan to be forgiven in the future at which time the Institution will recognize a gain on forgiveness of the loan in accordance with ASC 470. The Hotel's note had an original maturity date of April 2022, however in March 2021, Management received approval of its application for loan forgiveness, and will recognize a gain on forgiveness of the loan in accordance with ASC 470 during the year ended December 31, 2021.

NOTE 8 - LONG-TERM DEBT

Long-term debt consists of:

	<u>2020</u>	<u>2019</u>
4% note held by the Hotel payable \$4,483 per month, including interest through June, 2024, secured by real estate.	\$ 173,672	\$ 218,995
2.99% capital lease obligation, payable \$581 per month, including interest through May, 2021, secured by leased equipment.	2,494	9,829
7.00% capital lease obligation, payable \$271 per month, including interest through August, 2024, secured by equipment.	10,038	12,776
	186,204	241,600
Less unamortized debt issuance cost	(3,459)	(4,448)
Less current maturities	(52,401)	(55,396)
Total long-term debt	<u>\$ 130,344</u>	<u>\$ 181,756</u>

The aggregate amounts of long-term debt maturing in each of the next four years are as follows: 2021 - \$52,401, 2022 - \$51,828, 2023 - \$53,829, and 2024 - \$28,146.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTION

Net assets with donor restriction are available for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Various programs/capital	\$ 5,639,409	\$ 2,690,194
Rogers Fund	70,540	70,506
For the year ending December 31, 2020	--	114,301
For the year ending December 31, 2021	57,349	--
	<u>\$ 5,767,298</u>	<u>\$ 2,875,001</u>

NOTE 10 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:

	<u>2020</u>	<u>2019</u>
Interest	\$ 9,479	\$ 29,843
Income taxes	\$ 250	\$ 1,775

Noncash investing activities for the year:

	<u>2020</u>	<u>2019</u>
Contributed securities	\$ 3,407,177	\$ 3,649,514

Contributed securities represent the value of securities received during the year which are redeemed immediately upon receipt.

NOTE 11 - RETIREMENT PLAN

The Institution and Hotel have a discretionary noncontributory defined contribution retirement plan for substantially all full-time employees. The Institution and Hotel made payments of \$477,973 in 2020 and \$570,900 in 2019.

NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization's financial assets as of December 31, 2020 and 2019 :

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 12,130,926	\$ 12,103,941
Accounts receivable	163,700	712,253
Notes receivable, collected in less than one year	--	4,334
Contributions receivable, collected in less than one year	2,434,448	5,777,315
Total financial assets, excluding noncurrent assets	14,729,074	18,597,843
Less amounts not available to be used within one year:		
Net assets with donor restrictions	(5,767,298)	(2,875,001)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 8,961,776</u>	<u>\$ 15,722,842</u>

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (CONTINUED)

The Institution maintains adequate liquidity to fund near-term operations while maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. In addition to the amounts above, the Institution has an unsecured line of credit available to meet its liquidity needs.

NOTE 13 – HEALTH INSURANCE

The Institution is self-insured for medical benefits covering substantially all full-time employees and has recorded a liability of \$350,000 as of December 31, 2020 and 2019. This liability represents payments expected to be made subsequent to year end for claims occurring prior to year end. This liability includes claims that were known as of December 31, 2020 and 2019, as well as an estimate of claims incurred but not reported.

NOTE 14 - SUBSIDIARY

The Hotel is a wholly-owned subsidiary of the Institution. For the years ended December 31, 2020 and 2019, the subsidiary had assets of \$7,171,812 and \$8,110,824, liabilities of \$2,915,354 and \$1,764,838, stockholder's equity of \$4,256,458 and \$6,345,986, and net losses of \$2,089,528 and \$216,867, respectively, which are reflected in the consolidated financial statements of the Institution and the Hotel. The following summarizes revenue and expense transactions to and from the Hotel and the Institution:

	<u>2020</u>	<u>2019</u>
Revenues:		
Room and restaurant charges	\$ 10,193	\$ 1,884,317
Conference rentals, net	--	70,176
Expenses:		
Management fees	\$ --	\$ 345,000
Annual license fees	--	5,040
Rent, computer fees, advertising, service charges and gate/parking passes	--	266,840

Management and annual license fees were waived for 2020 by the Institution as a result of the pandemic.

As of December 31, 2020 and 2019, the Hotel had accounts payable due to the Institution in the amount of \$1,295,678 and \$747,228, respectively. During the years ended December 31, 2020 and 2019, the Institution made contributions to the Hotel in the amount of \$0 and \$300,000, respectively.

Also, the Institution issued a ten year note payable from the Hotel in May 2013 in the amount of \$533,866 at an interest rate of 2.7% and a monthly payment in the amount of \$5,081. In addition, the Institution also issued two notes for advances made to the Hotel in May and June of 2019 in the amount of \$100,000 each with interest rates of 2.39% and 2.37%, respectively.

NOTE 14 – SUBSIDIARY (CONTINUED)

Both notes are payable before August, 2021 and have been eliminated in the consolidated financial statements. The total amount outstanding as of December 31, 2020 and 2019 was \$393,361 and \$393,361, respectively. This balance has been eliminated in the consolidated financial statements.

NOTE 15 - RELATED PARTY TRANSACTIONS

Chautauqua Foundation, Inc. (the Foundation) was established in 1937 to raise, invest and reinvest funds to support the mission of the Institution. During the Foundation's years ended December 31, 2020 and the period of April 1, 2019 through December 31 2019, the Foundation distributed \$97,429 and \$22,199, respectively, to the Institution for capital improvements and other programs. Also, as of December 31, 2020 and 2019, included in accounts receivable is \$0 and \$526,676, respectively, from the Foundation for various reimbursed charges and unpaid gift distributions. As of December 31, 2020 and 2019, included in contributions receivable is \$0 and \$1,000,000, respectively from the Foundation for capital contributions. Also, in accounts payable as of December 31, 2020 and 2019, is \$73,636 and \$10,253, respectively, owed to the Foundation for various reimbursed charges.

Financial information

The following is selected financial information of the Foundation from the financial statements audited by other auditors for the year ended December 31, 2020 and the nine months ended December 31, 2019:

	<u>2020</u>	<u>2019</u>
Revenues, gains and other support:		
Contributions	\$ 4,086,676	\$ 5,707,626
Dividends and interest	675,969	1,423,350
Net realized and unrealized gains	13,164,830	6,736,377
	<u>17,927,475</u>	<u>13,867,353</u>
Expenses and losses:		
Endowment and other distributions to the Institution	97,429	22,199
Administrative and general expenses	613,814	321,424
Chautauqua fund distributions to the Institution	--	4,291,683
Endowment direct support	4,450,000	--
Development expenses	--	1,680,492
	<u>5,161,243</u>	<u>6,315,798</u>
Change in net assets	<u>\$ 12,766,232</u>	<u>\$ 7,551,555</u>

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 15 - RELATED PARTY TRANSACTIONS
(CONTINUED)

Financial information (continued)

Assets	\$ 121,655,871	\$ 109,903,726
Liabilities	\$ 1,252,128	\$ 2,266,215
Net assets:		
Without donor restriction	5,979,246	4,703,274
With donor restriction	114,424,497	102,934,237
Total net assets	120,403,743	107,637,511
Total liabilities and net assets	\$ 121,655,871	\$ 109,903,726

During 2020, expenses related to development are now being recorded within the Institution's financial statements. During 2019, the Foundation elected to change its year end from March 31 to December 31.

Exceptions to U.S. Generally Accepted Accounting Principles

The Institution does not record at the time of gift its beneficial interest in endowment funds held by the Foundation as required by U.S. generally accepted accounting principles. The Institution recognizes endowment revenues from the Foundation in the year the Foundation gives monies to the Institution. If such endowments and their subsequent earnings were recorded, the Institution's net assets would increase by the net asset value of the Foundation which was approximately \$120.4 million at December 31, 2020. Certain contributions with donor restrictions would be recorded, by the Institution, as endowments are recognized by the Foundation.

Investments held by Chautauqua Foundation, Inc.

Included in the Investments held by Chautauqua Foundation, Inc. in the Consolidated Statements of Financial Position is the reinvested income from funds designated for the Institution programs that is available for distribution based on the Foundation's spending policy which amounted to \$1,147,519 and \$661,911 as of December 31, 2020 and 2019, respectively.

Borrowing Agreement

On May 12, 2016, the Foundation obtained a \$25,000,000 bank revolving credit note to facilitate financing the renovation of the Institution's amphitheater. The note is available until April 1, 2022 and has step down provisions to \$15,000,000 on April 1, 2020 and \$5,000,000 on April 1, 2021. The note bears interest at the LIBRO flex rate plus 1% and contains a covenant requiring the Foundation to maintain a minimum balance in marketable securities or cash of \$25,000,000. Additionally, the Foundation provides a negative pledge on all of its assets, and the note is guaranteed by the Institution. No borrowings on the arrangement were outstanding at December 31, 2020 and 2019.

NOTE 15 - RELATED PARTY TRANSACTIONS
(CONTINUED)

Borrowing Agreement (Continued)

Pursuant to a promissory note entered into between the Foundation and Institution, all amounts advanced under the bank revolving credit note for the benefit of the Institution will be repaid to the Foundation with interest at the Internal Revenue Service's applicable federal rate for mid-term borrowings.

NOTE 16 - FEDERAL TAX STATUS AND TAXES ON INCOME

The Internal Revenue Service has classified the Institution as exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code; as an organization contributions to which are deductible under Section 170(c) of the Code; and, as an organization that is not a private foundation as defined in Section 509(a) of the Code. The Internal Revenue Service has determined that the Institution is subject to unrelated business income tax (UBIT) for certain income received. The Institution does not anticipate any UBIT tax liability for the years ended December 31, 2020 and 2019.

The Hotel is a taxable entity. The provision for income taxes includes state income taxes in the amount of \$1,200 and \$5,000 for the years ended December 31, 2020 and 2019, respectively, and deferred income taxes of \$0 and \$6,000 for the years then ended. These income taxes are reflected in the Hotel's expenses in the Consolidated Statements of Activities. Deferred taxes result from timing differences between book and tax depreciation expense. The total deferred tax asset amounted to \$24,000 for both years ended December 31, 2020 and 2019, and is included in other assets on the Consolidated Statements of Financial Position.

The Hotel estimates a net operating loss carryforward as of December 31, 2020 in the amount of approximately \$3,885,000 as a result of current and prior year losses. The loss carryforwards expire beginning December 31, 2030. Management has recorded a full valuation allowance for the potential tax benefit related to the net operating loss carryforward.

Federal and state income tax returns that remain open for examination by taxing authorities include 2017 and later years for both the Institution and Hotel.

NOTE 17 - OPERATING LEASE COMMITMENTS

The Hotel has entered into one year operating lease agreements with the Institution in the amount of \$39,000 for the Brick Walk Café and the Gazebo; \$12,580 for Afterwords Café; \$11,000 for Plaza Market; \$18,500 for Shaw Laundry, \$4,560 for Soap Opera Laundry and \$700 for Fowler-Kellogg Cafe. Management anticipates renewing these leases on an annual basis going forward.

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 17 - OPERATING LEASE COMMITMENTS (CONTINUED)

Rent expense and related charges for the years ended December 31, 2020 and 2019 totaled \$0 and \$86,340, respectively. Rental fees were waived by the Institution for 2020 as a result of the pandemic.

NOTE 18 - CONTRIBUTED SERVICES

A substantial number of unpaid volunteers have made significant contributions of their time to ensure the success of the Institution programs, as well as to secure contributions and endowments in connection with the Institution's fund raising. The value of this contributed time is not reflected in the consolidated financial statements since it is not susceptible to objective measurement or valuation.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events were evaluated through April 15, 2021, which is the date that the consolidated financial statements were available to be issued.

NOTE 20 - FAIR VALUE MEASUREMENTS

Certain assets and liabilities of the Institution are reported at fair value in the accompanying Consolidated Statements of Financial Position. FASB Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. As presented in the table below, this hierarchy consists of three broad levels. Level 1 inputs on the hierarchy consist of unadjusted quoted prices in active markets and have the highest priority. Level 2 inputs consist of quoted prices in active markets for similar assets or liabilities or quoted prices in inactive markets for identical or similar assets or liabilities. Level 3 inputs have the lowest priority and consist of assets and liabilities that are measured on a recurring basis using unobservable inputs. The Institution uses appropriate valuation techniques based on available inputs to measure the fair value of assets and liabilities.

When estimating the fair value of the notes and contribution receivable, while management presents the receivables for financial statement purposes in the aggregate, they assess them individually. The Institution establishes the fair market value by considering historical trends of collection, the type of donor (individual or corporation/foundation), general economic conditions in the geographic area in which the majority of the Institution's donors live, the Institution's policies concerning enforcement of promises to give.

	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	Total at December 31, 2020
December 31, 2020				
Investment held by Chautauqua Foundation, Inc.	\$ 1,147,519	\$ --	\$ --	\$ 1,147,519
Contributions receivable	--	--	3,613,272	3,613,272
Total	\$ 1,147,519	\$ --	\$ 3,613,272	\$ 4,760,791
	Quoted Prices in Active Markets for Identical Assets (Level I)	Significant Other Observable Inputs (Level II)	Significant Unobservable Inputs (Level III)	Total at December 31, 2019
December 31, 2019				
Investment held by Chautauqua Foundation, Inc.	\$ 661,911	\$ --	\$ --	\$ 661,911
Note receivable	--	--	238,031	238,031
Contributions receivable	--	--	6,752,359	6,752,359
Total	\$ 661,911	\$ --	\$ 6,990,390	\$ 7,652,301

The table below presents information about the changes in Level 3 inputs for the years ended December 31:

	2020 Notes Receivable	2020 Contribution Receivable	2019 Notes Receivable	2019 Contribution Receivable
Beginning balance	\$ 238,031	\$ 6,752,359	\$ 242,207	\$ 11,280,558
Promises recognized	--	1,895,000	--	410,572
Collections	(238,031)	(4,675,272)	(4,176)	(5,009,831)
Change in other receivables	--	(343,798)	--	(82,898)
Change in discount	--	(15,017)	--	153,958
Total	\$ --	\$ 3,613,272	\$ 238,031	\$ 6,752,359

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 21 – COVID-19 PANDEMIC

In March 2020, the outbreak of COVID-19 (coronavirus) caused by a novel strain of the coronavirus was recognized as a pandemic by the World Health Organization, the outbreak was widespread in the United States during 2020. The “New York State on Pause” Executive Order issued on March 20, 2020 prevented a physical in-person Summer Assembly Season and opening of program facilities in 2020, adversely impacting program support earned revenue, activity and attendance, reflected in the accompanying consolidated financial statements. As discussed in Note 7, the Institution and Chautauqua Hotel Company obtained Paycheck Protection Program business loans totaling \$3,357,700.

A physical in-person Summer Assembly Season is planned for 2021 that comes as close to the traditional Chautauqua experience as possible, while anticipating limitations to programs and venue usage due to capacity reductions and health and safety procedures. The 2021 operating plan anticipates reduced attendance and earned revenue from historical highs, increased philanthropic support and reduced program and operating spending. Chautauqua Institution continues to actively monitor general economic conditions impacting the organizations financial condition, operating results and cashflow, including government regulations impacting Chautauqua’s Summer Assembly Season activities. In March 2021, the Institution and Chautauqua Hotel Company were approved for and received second Paycheck Protection Program loans totaling \$2,887,400. Management has considered the impact on collectability of pledge receivables as of December 31, 2020. Based on historical collectability data, the Institution does not expect there will be a material decrease in the net realized value.



BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTAL INFORMATION

Board of Trustees
Chautauqua Institution
Chautauqua, New York

We have audited the consolidated financial statements of *Chautauqua Institution and Subsidiary* as of and for the years ended December 31, 2020 and 2019 and our report thereon dated April 15, 2021, which expressed a qualified opinion on those consolidated financial statements, appears on page 4. Our audits were conducted for the purpose of forming an opinion on those consolidated financial statements taken as a whole.

The consolidated schedule of earnings and cash flows, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audits of the consolidated financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
April 15, 2021

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
CONSOLIDATED SCHEDULE OF EARNINGS AND CASH FLOWS
(000's)

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Years ended December 31,	2020	2019
REVENUE:		
Total Earned Revenue Institution	\$ 3,514	\$ 24,611
Philanthropy (Non-Capital):		
Chautauqua Fund:		
Direct Philanthropy Fund	1,655	1,708
Unrestricted Philanthropy Fund	5,063	3,207
Restricted Projects	--	52
Total Chautauqua Fund	6,718	4,967
Chautauqua Foundation:		
Direct Philanthropy Foundation	2,206	2,155
Unrestricted Philanthropy Foundation	1,282	40
Total Chautauqua Foundation	3,488	2,195
Total Philanthropy (Non-Capital)	10,206	7,162
Total Earned Revenue Hotel	909	6,649
Miscellaneous Income	--	227
Investment Income	55	135
TOTAL REVENUE	14,684	38,784
DIRECT EXPENSE:		
Institution	19,567	28,628
Hotel	2,634	6,523
TOTAL DIRECT EXPENSE	22,201	35,151
GAIN (LOSS) FROM OPERATIONS:		
Institution	(5,792)	3,507
Hotel	(1,725)	126
TOTAL GAIN (LOSS) FROM OPERATIONS BEFORE DEPRECIATION	(7,517)	3,633
DEPRECIATION:		
Institution	(4,841)	(4,725)
Hotel	(364)	(343)
TOTAL OPERATING LOSS	(12,722)	(1,435)
CASH FLOW:		
Investing activities:		
Capital Philanthropy	5,019	5,167
Depreciation	5,205	5,068
Net proceeds from sale of assets	204	55
Collection on note receivable	238	--
Capital improvement service charge	438	442
Net change in operating assets/liabilities	1,610	153
Capital spending:		
Operations funded - Institution	(2,310)	(2,921)
Capital Philanthropy	(513)	(1,546)
Endowment & one time gifts	(60)	(57)
Capital improvement service charge	(338)	(325)
Operations funded - Hotel	(157)	(482)
Financing:		
Proceeds from Paycheck Protection Program loans	3,358	--
School Interest	--	(2)
School Investment Fund	--	50
Hotel Debt Principal Payment	55	93
Turner School Principal Payment	--	(25)
CONSOLIDATED CHANGE IN CASH	27	4,235
CONSOLIDATED CASH, at beginning of year	12,104	7,869
CONSOLIDATED CASH, at end of year	\$ 12,131	\$ 12,104
Cash:		
Unrestricted - consolidated	8,729	10,015
Donor restricted	2,725	1,512
Capital improvement service fund	677	577
CONSOLIDATED CASH, at end of year	\$ 12,131	\$ 12,104

See accompanying independent accountant's report on supplemental information.