

**CHARLESTON JAZZ
NORTH CHARLESTON, SOUTH CAROLINA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Charleston Jazz
North Charleston, South Carolina

We have audited the accompanying financial statements of Charleston Jazz (a nonprofit corporation), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Charleston Jazz as of December 31, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization modified all operations in response to COVID-19. Although the Organization has begun to expand operations, the Organization cannot reasonably estimate the severity impact of this pandemic long-term, which could have a material adverse impact on the Organization's business, results of operations, financial position and cash flows in the years following. Our opinion is not modified with respect to this matter.

Glaser and Company, LLC

May 28, 2021
Charleston, South Carolina

CHARLESTON JAZZ
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and cash equivalents	\$ 124,412	\$ 103,315
Unconditional promises to give, current	-	2,500
Prepaid and other assets	3,661	36,269
Total current assets	128,073	142,084
<u>Non-current Assets</u>		
Furniture and equipment, net	108,665	120,018
Library and archives, net	36,579	38,112
Total non-current assets	145,244	158,130
Total assets	\$ 273,317	\$ 300,214
<u>LIABILITIES AND NET ASSETS</u>		
<u>Current Liabilities</u>		
Accounts payable	\$ 8,698	\$ 23,166
Accrued payroll	7,905	8,837
Deferred concert revenue	64,765	115,598
Line of credit	42,000	10,165
Financed tenant improvements, current portion	-	41,315
Total current liabilities	123,368	199,081
Total liabilities	123,368	199,081
<u>Net Assets</u>		
Without donor restrictions	149,949	54,514
With donor restrictions	-	46,619
Total net assets	149,949	101,133
Total liabilities and net assets	\$ 273,317	\$ 300,214

See accompanying notes to financial statements.

CHARLESTON JAZZ
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in unrestricted net assets			
Support and Revenue			
Concert revenue	\$ 248,523	\$ -	\$ 248,523
Grants	255,215	-	255,215
Contributions	131,553	-	131,553
Academy tuition, fees and revenues	32,055	-	32,055
Sponsorships	44,500	-	44,500
Contributions - in-kind	122,592	-	122,592
Federal financial assistance	64,700	-	64,700
Abatement of financed tenant improvements	30,986	-	30,986
Interest	26	-	26
	<hr/>	<hr/>	<hr/>
Total support and revenue	930,150	-	930,150
	<hr/>	<hr/>	<hr/>
Net Assets Released from Restrictions	46,619	(46,619)	-
	<hr/>	<hr/>	<hr/>
Expenses			
Program services:			
Festival and orchestra programs	408,985	-	408,985
Academy activities	303,193	-	303,193
Total program services	712,178	-	712,178
	<hr/>	<hr/>	<hr/>
Supporting services:			
General and administrative	100,791	-	100,791
Fundraising	68,365	-	68,365
	<hr/>	<hr/>	<hr/>
Total expenses	881,334	-	881,334
	<hr/>	<hr/>	<hr/>
Increase (decrease) in net assets	95,435	(46,619)	48,816
	<hr/>	<hr/>	<hr/>
Net assets, beginning of year	54,514	46,619	101,133
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 149,949	\$ -	\$ 149,949
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes to financial statements.

**CHARLESTON JAZZ
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in unrestricted net assets			
Support and Revenue			
Concert revenue	\$ 447,840	\$ -	\$ 447,840
Grants	352,723	46,619	399,342
Contributions	114,298	-	114,298
Academy tuition, fees and revenues	29,367	-	29,367
Sponsorships	37,224	-	37,224
Contributions - in-kind	75,371	-	75,371
Special events, net of expenses of \$34,345	16,699	-	16,699
Interest	114	-	114
	<hr/>	<hr/>	<hr/>
Total support and revenue	1,073,636	46,619	1,120,255
Net Assets Released from Restrictions	<hr/>	<hr/>	<hr/>
	19,594	(19,594)	-
Expenses			
Program services:			
Festival and orchestra programs	575,684	-	575,684
Academy activities	287,800	-	287,800
Total program services	<hr/>	<hr/>	<hr/>
	863,484	-	863,484
Supporting services:			
General and administrative	116,430	-	116,430
Fundraising	56,922	-	56,922
	<hr/>	<hr/>	<hr/>
	173,352	-	173,352
Total expenses	<hr/>	<hr/>	<hr/>
	1,036,836	-	1,036,836
Increase in net assets	56,394	27,025	83,419
Net (deficit) assets, beginning of year	<hr/>	<hr/>	<hr/>
	(1,880)	19,594	17,714
Net assets, end of year	<hr/>	<hr/>	<hr/>
	\$ 54,514	\$ 46,619	\$ 101,133

See accompanying notes to financial statements.

CHARLESTON JAZZ
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salary and payroll taxes	\$ 201,564	\$ 33,750	\$ 46,752	\$ 282,066
Contract labor - musicians	114,466	-	-	114,466
Contract labor and services - other	77,499	-	-	77,499
Equipment and rentals	3,175	-	-	3,175
Instructional supplies	3,105	-	-	3,105
Marketing and advertising	83,515	-	-	83,515
Occupancy and venues	150,216	8,030	4,897	163,143
Artistic and production - other	13,902	-	-	13,902
Travel	9,949	646	-	10,595
Printing	8,127	-	193	8,320
Merchant and bank fees	21,881	1,351	207	23,439
Legal and professional fees	-	47,249	10,188	57,437
Office supplies and postage	2,462	1,029	3,348	6,839
Insurance	-	4,949	-	4,949
Telephone and connectivity	6,329	1,070	1,515	8,914
Interest	-	924	-	924
Depreciation	10,847	140	365	11,352
Miscellaneous	5,141	1,653	900	7,694
	<u>\$ 712,178</u>	<u>\$ 100,791</u>	<u>\$ 68,365</u>	<u>\$ 881,334</u>
Total expenses	<u>\$ 712,178</u>	<u>\$ 100,791</u>	<u>\$ 68,365</u>	<u>\$ 881,334</u>

See accompanying notes to financial statements.

**CHARLESTON JAZZ
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program Services</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Salary and payroll taxes	\$ 216,783	\$ 50,269	\$ 47,127	\$ 314,179
Contract labor - musicians	171,045	-	-	171,045
Contract labor and services - other	72,763	-	1,530	74,293
Equipment and rentals	3,103	-	-	3,103
Instructional supplies	6,532	-	-	6,532
Marketing and advertising	102,250	-	-	102,250
Occupancy and venues	168,488	2,792	2,101	173,381
Artistic and production - other	26,499	-	-	26,499
Travel	21,783	957	-	22,740
Printing	19,288	-	1,546	20,834
Merchant and bank fees	30,245	3,348	-	33,593
Legal and professional fees	-	42,396	-	42,396
Office supplies and postage	1,621	1,275	1,651	4,547
Insurance	-	4,235	-	4,235
Telephone and connectivity	7,643	6,016	2,602	16,261
Interest	-	2,980	-	2,980
Depreciation	10,847	140	365	11,352
Miscellaneous	4,594	2,022	-	6,616
	<u>\$ 863,484</u>	<u>\$ 116,430</u>	<u>\$ 56,922</u>	<u>\$ 1,036,836</u>
Total expenses	<u>\$ 863,484</u>	<u>\$ 116,430</u>	<u>\$ 56,922</u>	<u>\$ 1,036,836</u>

See accompanying notes to financial statements.

CHARLESTON JAZZ
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
<u>Cash Flows from Operating Activities:</u>		
Increase in net assets	\$ 48,816	\$ 83,419
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	11,352	11,352
Amortization	2,787	2,787
Abatement of financed tenant improvements	(30,986)	-
Changes in operating assets and liabilities:		
Decrease (increase) in unconditional promises to give	2,500	4,907
(Increase) decrease in prepaid and other assets	32,608	(10,993)
Increase in accounts payable	(14,467)	3,034
Increase in accrued payroll	(932)	810
Decrease in deferred concert revenue	(50,833)	(39,920)
Net cash provided by operating activities	845	55,396
<u>Cash Flows from Investing Activities:</u>		
Cash paid to invest in music library	(1,254)	(1,363)
Net cash used for investing activities	(1,254)	(1,363)
<u>Cash Flows from Financing Activities:</u>		
Net proceeds from line of credit	31,835	(23,822)
Payments on financed tenant improvements	(10,329)	(41,314)
Net cash provided by (used for) financing activities	21,506	(65,136)
Net increase (decrease) in cash and cash equivalents	21,097	(11,103)
Cash and cash equivalents, beginning of year	103,315	114,418
Cash and cash equivalents, end of year	\$ 124,412	\$ 103,315
<u>Supplemental Disclosures of Cash Flow Information:</u>		
Interest paid	\$ 924	\$ 2,980

See accompanying notes to financial statements.

CHARLESTON JAZZ
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Basic Program

Charleston Jazz (“Charleston Jazz”) (formerly known as “Jazz Artists of Charleston”) (a nonprofit organization) was organized January 16, 2008, to grow a local and global community for jazz through performance, education and outreach while celebrating and preserving Charleston’s rich history in jazz. Programs include year-round concerts by the Charleston Jazz Orchestra and Charleston Jazz artists; the annual Charleston Jazz Festival a four-day festival each year bringing local, regional and national jazz musicians to Charleston, South Carolina; and education and activities to elevate jazz musicianship and broaden the love of Jazz through the Charleston Jazz Academy.

Charleston Jazz’s support comes primarily from concert revenues and contributions, grants and sponsorships made by individual donors, businesses, and other supporting entities and tuition and fees.

In the interest of elevating jazz musicianship and broadening the love of jazz in future generations, Charleston Jazz brought the Leonard School of Music operations into the organization to create the Charleston Jazz Academy. The Leonard School of Music, Inc. had played an important role in teaching jazz to young people in Charleston since 1945. Working in partnership with local schools, parents, and students of all ages, the Charleston Jazz Academy brings together highly motivated students in a collaborative and challenging environment to expand their repertoire and nurture the skills of improvisation.

Global Pandemic

In January 2020, the World Health Organization declared the novel strain of coronavirus (“COVID-19”) a Public Health Emergency of International Concern. In response to the outbreak of COVID-19 and the resulting federal state, and local government directives, during 2020, the Charleston Jazz modified its operations and shortened its festival schedule. As a result, Charleston Jazz has experienced a decline in its operating and program fees revenues during this period. Charleston Jazz’s management has taken steps to preserve liquidity and reducing operating expenses through reducing consumption as appropriate.

Basis of Accounting

The accompanying financial statements present the financial condition, results of operations, and cash flows of Charleston Jazz on the accrual basis of accounting. Support is recognized when received or unconditionally promised, and expenses are recognized when incurred.

Basis of Presentation

In accordance with ASC 958-205, *Presentation of Financial Statements*, Charleston Jazz reports information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

Net Assets without Donor Restrictions

Net assets without donor-imposed restrictions and currently available for program and supporting services.

Net Assets with Donor Restrictions

Net assets subject to donor-imposed stipulations, may or will be met, by actions of the Organization and/or the passage of time.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

CHARLESTON JAZZ
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to Charleston Jazz that is, in substance, unconditional. Charleston Jazz uses the direct write-off method to determine uncollectible unconditional promises receivable. The results do not differ materially from generally accepted accounting principles in the United States of America. At December 31, 2020 and 2019, all promises to give were expected to be collected in less than one year.

Prepaid and Other Assets

Charleston Jazz recognizes payments made for services or benefits in future periods as prepaid and other assets. At December 31, 2020 and 2019, Charleston Jazz prepaid assets are comprised of insurance, costs for venue, marketing and other costs for 2021 and 2020 concerts and events, respectively.

Furniture and Equipment

It is the policy of Charleston Jazz to capitalize furniture and equipment of \$1,000 or greater at cost, if purchased, and at fair market value, if donated. Capitalized leasehold improvements, furniture and equipment are depreciated over their estimated useful lives using the straight-line method. Depreciable lives of range from seven to fifteen years.

Library and Archives

Charleston Jazz capitalizes investments in music library, video, and audio archives. Capitalized library and archives are evaluated for impairment annually. For wasting library and archive assets, Charleston Jazz amortizes their cost on a straight-line basis over a period approximating 10 years.

Deferred Concert Revenue

Charleston Jazz recognizes payments for future concerts and events as deferred concert revenue. This deferred revenue is recognized in the future period when the concert or event is performed.

Revenues from Non-Exchange Transactions

Revenues from non-exchange transactions are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence and/or nature of donor restrictions. Revenues from non-exchange transactions may also be subject to restrictions. Revenues from conditional non-exchange transactions are recognized when the restriction is satisfied, which is generally as costs are incurred. In addition, Charleston Jazz has elected the simultaneous release option for conditional contributions that are subject to purpose restrictions. Under this option, net assets without donor restrictions include the donor-restricted contributions for which the purpose restrictions are met in the same reporting period as the revenue is recognized. Revenues from non-exchange transactions that are considered unconditional generally are recognized as revenues with donor restrictions when the funds are awarded and are released into net assets without donor restrictions when the purpose has been met.

Revenues from Exchange Transactions

Charleston Jazz has multiple revenue streams that are accounted for as exchange transactions primarily from concert revenues and academy tuition. Because the Charleston Jazz's performance obligations are for a duration of less than one year, Charleston Jazz has elected to apply the optional exemption provided in FASB ASC 606-10-50-14, *Revenue from Contracts with Customers*, and, therefore, is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period.

Reclassifications

Certain 2019 balances have been reclassified to conform with 2020 presentation.

CHARLESTON JAZZ
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions – In-kind

Charleston Jazz receives various donated services, advertising, marketing, printing and office space from supporters, which were used for program services and other operating activities. These services totaled \$122,592 and \$75,371 for the years ended December 31, 2020 and 2019, respectively. A number of unpaid volunteers have made significant contributions of time to assist the Charleston Jazz in the operation of its programs. The value of these contributions is not reflected in these statements since they do not meet the criteria for revenue recognition.

Functional Expenses

Charleston Jazz records expenses on a functional basis among its various program activities and supporting services. Program activities represent the costs associated with the delivery of the Charleston Jazz’s mission. Expenses that can be identified with a specific program or supporting service are charged directly. Other expenses that are common to several functions are allocated by various statistical bases. Salaries and related expenses are allocated based on time and effort. Staff training and conferences, contract services, supplies and other, insurance, promotion and advertising and interest are allocated based on total directly identified expenses. Facility occupancy, repairs and maintenance, depreciation and amortization are allocated based on square footage.

Income Taxes

Charleston Jazz is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. In addition, Charleston Jazz qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

Advertising

Advertising and marketing costs are expensed as incurred.

2. CONCENTRATION OF CREDIT RISK

Charleston Jazz maintains deposits in commercial bank accounts. At December 31, 2020, Charleston Jazz did not have any deposits in excess of federal depository insurance coverage of \$250,000.

3. FURNITURE AND EQUIPMENT

Furniture and equipment consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Computers and equipment	\$ 21,855	\$ 21,855
Leasehold improvements	123,944	123,944
Furniture	6,988	6,988
	<u>152,787</u>	<u>152,787</u>
Accumulated depreciation and amortization	<u>(44,122)</u>	<u>(32,769)</u>
	<u>\$ 108,665</u>	<u>\$ 120,018</u>

Depreciation expense for the years ended December 31, 2020 and 2019 totaled \$11,352 for each of the years ended.

CHARLESTON JAZZ
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

4. LIBRARY AND ARCHIVES

Library and archives consist of the following at December 31:

	2020	2019
Music library	\$ 29,174	\$ 29,174
Photography archives	8,362	8,362
Video and audio archives	7,437	7,437
Logo	1,500	1,500
	46,473	46,473
Accumulated amortization	(9,894)	(8,361)
	\$ 36,579	\$ 38,112

5. LINES OF CREDIT

Charleston Jazz has an agreement with a First Horizon Bank for a \$35,000 line of credit. Interest accrues at a variable rate (7.25% at December 31, 2020). As of December 31, 2020 and 2019, the outstanding balance was \$0 and \$10,165. Interest expense for the years ended December 31, 2020 and 2019 totaled \$712 and \$2,980, respectively.

During 2020, Charleston Jazz signed a (24) month line of credit agreement with a United Community Bank for a \$50,000. Interest accrues at a fixed rate of 2.95%. As of December 31, 2020, the outstanding balance was \$42,000. Interest expense for the year ended December 31, 2020 totaled \$177.

6. PAYCHECK PROTECTION PROGRAM

On April 10, 2020, the Charleston Jazz received a \$59,700 Paycheck Protection Program (“PPP”) loan from the US Small Business Administration (“SBA”) through a commercial lender. The loan was forgivable under expanding terms if Charleston Jazz was able to retain employees and expend funds under the criteria of the PPP. Charleston Jazz met the terms of PPP forgiveness and applied for and received approval for forgiveness of this note on January 6, 2021. In accordance with generally accepted accounting principles in the United States of America (US GAAP), an organization can elect to treat a PPP note as federal financial assistance if it is probable it will meet the PPP forgiveness criteria at the time of note issuance or during the term of the related note. Accordingly, Charleston Jazz has treated the forgiveness as federal financial assistance, and not gain on forgiveness of debt under US GAAP. Further, Charleston Jazz presented such federal financial assistance in the operating section of the statements of cash flows versus the financing section under these standards.

7. LEASE AGREEMENT

On April 28, 2017, Charleston Jazz signed a lease agreement with 3005 W Montague LLC for the main operating facility of the Charleston Jazz Academy. The lease term is for (5) years and (2) months commencing on April 1, 2017. The lease has an option of renewal for a period of (3) years and increases annually at a rate of (3%) from inception. On April 13, 2020, September 8, 2020 and in December 2020, Charleston Jazz signed a first, second and third amendment to the lease.

CHARLESTON JAZZ
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

7. LEASE AGREEMENT - CONTINUED

In the terms of the amendments, rental payments and payments for tenant upfits shall be abated from July 1, 2020 to December 31, 2021. Further the lease was extended for (12) months and shall terminated on December 31, 2024.

Future minimum lease payments under the term of the lease are as follows:

	\$	-
2021		-
2022		76,783
2023		79,087
2024		81,460
Thereafter		-
		-
	\$	237,330

Rent expense for the years ended December 31, 2020 and 2019 was \$71,848 and \$70,341, respectively. Included in rent expense for the year ended December 31, 2020 is in-kind (donated) rent of \$54,150.

Under the terms of the lease agreement, there are provisions for construction and alteration of the premises. The agreement provided for \$44,000 of landlord upfit and up to \$156,000 of additional upfit financed by the landlord but reimbursed by Charleston Jazz as additional rent payments over a (36) month term. The project costs came in under budget and totaled \$115,739 financed at 4.5% by the landlord. Additional rent is paid monthly at a payment of \$3,443. In accordance with the first, second and third amendments to this lease, these upfit payments were abated for the period due of April 2020 to December 2020. At December 31, 2020, no further upfit payments were due.

8. NET ASSETS

Net assets are released from donor restrictions by incurring expenses satisfying the purposes or by occurrence of other events specified by donors during the years ended December 31 as follows:

	2020		2019
Charleston Jazz Academy programs	\$ 46,619	\$	19,594
	\$ 46,619	\$	19,594

Net assets with donor restrictions as of December 31 are available for the following purposes:

Charleston Jazz Academy programs	\$ -	\$	46,619
	\$ -	\$	46,619

CHARLESTON JAZZ
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

9. RECENT ACCOUNTING PRONOUNCEMENT AND UPDATES

In February 2016, the FASB issued ASU 2016-02 Leases (Topic 842). The core principle of Topic 842 is that a lessee should recognize the assets and liabilities that arise from leases. A lessee should recognize in the “balance sheet” a liability to make lease payments (the lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. When measuring assets and liabilities arising from a lease, a lessee (and a lessor) should include payments to be made in optional periods only if the lessee is reasonably certain to exercise an option to extend the lease or not to exercise an option to terminate the lease. Similarly, optional payments to purchase the underlying asset should be included in the measurement of lease assets and lease liabilities only if the lessee is reasonably certain to exercise that purchase option. For leases with a term of 12 months or less, a lessee is permitted to make an accounting policy election by class of underlying asset not to recognize lease assets and lease liabilities. If a lessee makes this election, it should recognize lease expenses for such leases generally on a straight-line basis over the lease term. The amendments in this update are effective for fiscal years beginning after December 15, 2019. Management considers the implementation of this standard will have a material impact on the financial statements.

In November 2019, the Board issued Accounting Standards Update No. 2019-10, Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates. The amendments in Update 2019-10 deferred the effective dates for Leases for entities in the “all other” category by an additional year. Therefore, Leases was to be effective for all other entities for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021. Early application is permitted. The deferrals responded to feedback from stakeholders and the Board’s monitoring of the implementation of major Updates, which provided a greater understanding of the implementation challenges encountered by all types of entities when adopting a major Update.

In June 2020, the FASB issued Accounting Standards Update No. 2020-05, Financial Instruments—Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842): Effective Dates for certain entities. The amendments in Update 2020-05 further deferred the effective dates for Leases for entities in the “all other” category by an additional year. Therefore, Leases will be effective for all other entities for fiscal years beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. Early application is permitted; however, management has chosen not to early adopt this standard.

10. DISCLOSURE OF LIQUIDITY INFORMATION

The following reflects the Organization’s financial assets as of December 31 reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statements of financial position date.

	2020	2019
Financial assets, at December 31:	\$ 124,412	\$ 105,815
Less those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Subject to satisfaction of donor-imposed restrictions	-	(46,619)
Financial assets available to meet cash needs for general expenditures within one year	\$ 124,412	\$ 59,196

CHARLESTON JAZZ
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020 AND 2019

11. SUBSEQUENT EVENTS

Management has evaluated the effect subsequent events would have on the financial statements of Charleston Jazz at December 31, 2020 through May 28, 2021, which is the date the financial statements were available to issue. Based upon this evaluation, there were no material adjustments or disclosures to these financial statements beyond those described below:

On January 6, 2021, Charleston Jazz received full forgiveness of its \$59,700 PPP loan with the SBA as provided in Note 6 to the financial statements.

On January 29, 2021, Charleston Jazz applied for and received a \$59,700 second PPP loan with the SBA. Charleston Jazz anticipates it will comply with all provisions for forgiveness.

In March 2021, Charleston Jazz opened up Academy offices for onsite learning for those students who wished to switch from remote learning.