

**CADE MUSEUM FOUNDATION, INC.
AND SUBSIDIARY**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

*As of and for the Year Ended December 31, 2020
(With Summarized Financial Information for 2019)*

And Report of Independent Auditor

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Report of Independent Auditor

To the Board of Directors
Cade Museum Foundation, Inc.
Gainesville, Florida

We have audited the accompanying consolidated financial statements of Cade Museum Foundation, Inc. and subsidiary (the "Organization"), a nonprofit organization, which comprise the consolidated statement of financial position as of December 31, 2020, and the related consolidated statements of activities and cash flows for the year 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 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 audit. We conducted our audit 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 control 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 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 financial position of the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 14 to the consolidated financial statements, in January 2020, the World Health Organization declared COVID-19 to constitute a “public health emergency of international concern.” Given the uncertainty of the situation and the duration of any business disruption, the related financial impact cannot be reasonably estimated at this time. Our opinion is not modified with respect to this matter.

Other Matters**Report on Summarized Comparative Information**

We have previously audited the Organization’s 2019 consolidated financial statements, in our report dated May 12, 2020, and we expressed an unmodified opinion on those audited consolidated financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position information and consolidating statements of activities information are presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual organizations and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Cherry Bekart LLP

Tampa, Florida
April 20, 2021

CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019)

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets:		
Cash	\$ 599,385	\$ 376,172
Current portion of pledges receivable, net	168,000	247,650
Prepaid expenses and other current assets	93,123	92,440
Total Current Assets	<u>860,508</u>	<u>716,262</u>
Property and equipment, net	<u>12,656,710</u>	<u>12,865,902</u>
Other Assets:		
Pledges receivable, less current portion, net	76,879	195,533
Investment in Gatorade Trust	3,188,960	3,116,000
Museum collection	541,695	541,695
Note receivable	5,222,400	5,222,400
Total Other Assets	<u>9,029,934</u>	<u>9,075,628</u>
Total Assets	<u>\$ 22,547,152</u>	<u>\$ 22,657,792</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Current portion of Paycheck Protection Program loan	94,556	-
Current portion of notes payable	28,891	7,598
Accounts payable and accrued expenses	135,763	123,948
Contract liabilities	31,474	47,953
Total Current Liabilities	<u>290,684</u>	<u>179,499</u>
Line of credit, less current portion and unamortized deferred debt issuance costs	-	388,783
Paycheck Protection Program loan, less current portion	94,871	-
Notes payable, less current portion and unamortized deferred debt issuance costs	9,897,179	9,472,874
Total Liabilities	<u>10,282,734</u>	<u>10,041,156</u>
Net Assets:		
Without donor restrictions	12,176,918	12,408,636
With donor restrictions	87,500	208,000
Total Net Assets	<u>12,264,418</u>	<u>12,616,636</u>
Total Liabilities and Net Assets	<u>\$ 22,547,152</u>	<u>\$ 22,657,792</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2020

(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019)

	Without Donor Restrictions	With Donor Restrictions	Total 2020	2019
Revenue, Gains, and Other Support:				
Gatorade Trust royalties	\$ 477,405	\$ -	\$ 477,405	\$ 414,502
Contribution and grant revenue	1,402,383	50,000	1,452,383	1,101,529
Membership and admissions	87,416	-	87,416	196,240
Educational programs	93,450	-	93,450	138,950
Gift shop	20,483	-	20,483	53,434
Facility rental income	60,174	-	60,174	171,062
Unrealized gain on Gatorade Trust	72,960	-	72,960	-
Other income	74,562	-	74,562	70,508
Net assets released from restrictions:				
Expiration of time restrictions	170,500	(170,500)	-	-
Total Revenues, Gains, and Other Support	<u>2,459,333</u>	<u>(120,500)</u>	<u>2,338,833</u>	<u>2,146,225</u>
Expenses:				
Program Services:				
Museum activities	2,102,628	-	2,102,628	2,158,794
Support Services:				
Membership development	34,747	-	34,747	37,349
Management and general	524,801	-	524,801	718,183
Fundraising	28,875	-	28,875	32,891
Total Support Activities	588,423	-	588,423	788,423
Total Expenses	<u>2,691,051</u>	<u>-</u>	<u>2,691,051</u>	<u>2,947,217</u>
Change in net assets	(231,718)	(120,500)	(352,218)	(800,992)
Net assets, beginning of year	12,408,636	208,000	12,616,636	13,417,628
Net assets, end of year	<u>\$ 12,176,918</u>	<u>\$ 87,500</u>	<u>\$ 12,264,418</u>	<u>\$ 12,616,636</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

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

YEAR ENDED DECEMBER 31, 2020
(WITH SUMMARIZED FINANCIAL INFORMATION FOR 2019)

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Change in net assets	\$ (352,218)	\$ (800,992)
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation expense	465,752	460,577
Amortization of deferred debt issuance	103,214	100,998
Unrealized gain on Gatorade Trust	(72,960)	-
Forgiveness of debt	-	(26,222)
Donated property and equipment	(69,971)	-
Impairment of museum assets	-	64,000
Change in the discount and allowance for uncollectible pledges	(36,196)	(18,434)
Increase (decrease) in cash resulting from change in:		
Prepaid expenses and other current assets	(683)	(6,175)
Pledges receivable	234,500	518,584
Accounts payable and accrued expenses	11,815	(72,357)
Contract liability	(16,479)	2,306
Net cash flows from operating activities	<u>266,774</u>	<u>222,285</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(186,589)</u>	<u>(65,239)</u>
Cash flows from financing activities:		
Principal payments paid on notes payable	(30,780)	(309,798)
Net payments on line of credit	(15,619)	-
Proceeds from Paycheck Protection Program loan	189,427	-
Net cash flows from financing activities	<u>143,028</u>	<u>(309,798)</u>
Net change in cash	223,213	(152,752)
Cash, beginning of year	376,172	528,924
Cash, end of year	<u>\$ 599,385</u>	<u>\$ 376,172</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest	<u>\$ 153,456</u>	<u>\$ 159,942</u>
Noncash investing and financing activities:		
Modification of line of credit to a term promissory note	<u>\$ 373,164</u>	<u>\$ -</u>
Donated property and equipment	<u>\$ (69,971)</u>	<u>\$ -</u>

The accompanying notes to the consolidated financial statements are an integral part of this statement.

CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

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

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

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

Basis of Presentation – The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as without donor restrictions or with donor restrictions. The Organization records all revenues and gains that are spent in the same fiscal year as revenue without donor restrictions, if a donor restriction existed.

When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the consolidated statement of activities as net assets released from restriction.

Summarized Financial Information for 2019 – The consolidated financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization’s consolidated financial statements for the year ended December 31, 2019, from which the summarized information was derived.

Revenue Recognition – See Note 2.

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

Cash – Approximately \$168,000 is a loan reserve established for payment of interest expense in compliance with the note payable agreements related to the New Market Tax Credit (“NMTC”) Program (see Note 7) as of December 31, 2020.

Pledges Receivable – Unconditional pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional pledges receivable that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discount rate used is the Organization’s weighted average cost of capital applicable to the month in which the pledges are received. Amortization of the discounts is included in contribution revenue on the accompanying consolidated statement of activities. As of December 31, 2020, approximately \$88,000 gross, of the outstanding pledges receivable are not collectible until future periods, and thus are reported as net assets with donor restriction.

CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

Management evaluates each pledge account on an individual basis to determine the accounts for which collection is doubtful. Management has determined that the allowance for doubtful accounts of approximately \$8,000 was adequate as of December 31, 2020; however, actual bad debts could exceed the established allowance.

Concentration of Credit Risk – The Organization places its cash on deposit with financial institutions principally in the United States. The Federal Deposit Insurance Corporation covers \$250,000 for substantially all depository accounts. The Organization from time to time may have amounts on deposit in excess of the insured limits. As of December 31, 2020, the Organization had approximately \$66,000 in deposits that exceeded these insured amounts.

Deferred Debt Issuance Costs – Deferred debt issuance costs are reflected in the accompanying consolidated statement of financial position as a reduction to the notes payable balance. Deferred debt issuance costs are amortized over the term of the long-term debt as interest expense using a method that approximates the effective interest method. The Organization recorded approximately \$103,000 of amortization of deferred debt issuance costs as interest expense during the year ended December 31, 2020.

Museum Collection – The Organization capitalizes its collections. Additions are capitalized at cost if purchased and at estimated fair value at date of contribution if received by donation. Gains and losses on disposals of donated collections are recorded based on the presence or absence of donor restrictions placed on items at the date of donation. The Organization recognized no impairment losses during the year ended December 31, 2020.

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

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

The Organization's beneficial interest in the Gatorade Trust is reported at fair value using the capitalization of cash flow method. Royalty income received from the trust is reflected in the consolidated statement of activities and is being used to fund the operations of the Organization. During the year ended December 31, 2020, the Organization recognized approximately \$73,000 of unrealized gains.

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

CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

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

Donated Services – Donated services are only recorded if the services received create or enhance nonfinancial assets or require specialized skills and would typically need to be purchased if not provided by donation. Other volunteer services are not recorded as revenue and expense since they do not create or enhance financial assets or require specialized skills. There was approximately \$14,000 of in-kind donations during the year ended December 31, 2020, included in contribution and grant revenue in the consolidated statements of activities.

Income Taxes – The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and Florida Statutes. Management believes that CMF and CCLI continue to satisfy the requirements of tax exempt organizations as of December 31, 2020.

Functional Allocation of Expenses – The consolidated financial statements report certain categories of expenses that are attributable to program and supporting activities (see Note 12). Expenses are allocated between program services and supporting services based upon time and effort incurred with the exception of occupancy costs, which is allocated based on square footage utilized for certain functions.

Use of Estimates – The preparation of the consolidated financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing coronavirus pandemic (“COVID-19”) and the COVID-19 control responses.

Subsequent Events – The Organization has evaluated subsequent events through April 20, 2021, in connection with the preparation of these consolidated financial statements, which is the date the consolidated financial statements were available to be issued (see Note 15).

Note 2—Revenue

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

Contract Balances – Timing differences among revenue recognition may result in contract assets or liabilities. Contract liabilities on the accompanying consolidated statement of financial position totaled approximately \$31,000 as of December 31, 2020, and is primarily amounts paid in advance relating to annual memberships of the Museum which are deferred and recognized over the membership period. The Organization does not have contract assets as of December 31, 2020.

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

CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 2—Revenue (continued)

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

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

Note 3—Fair value measurements

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

Three levels may be used to measure fair value:

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

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. There have been no changes in the methodologies used at December 31, 2020 from prior years. The only asset measured at fair value is the Investment in Gatorade Trust, which is valued using the income approach as reported by the Organization. The income approach falls under Level 3 of the fair value hierarchy.

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

DECEMBER 31, 2020

Note 3—Fair value measurements (continued)

The following table presents changes in the Organization's Level 3 assets measured at fair value on a recurring basis for the year ended December 31, 2020:

	Investment in Gatorade Trust
Balance, January 1, 2020	\$ 3,116,000
Unrealized gain relating to assets still held at the reporting date	72,960
Balance, December 31, 2020	<u>\$ 3,188,960</u>

Significant inputs used to determine the fair value of the Organization's interest in the Gatorade Trust using the capitalization of cash flow method include a 14.0% average cost of capital rate, a 3.1% sustainable growth rate, and a 24% marketability discount rate.

Note 4—Pledges receivable

The pledges receivable at December 31, 2020 are unconditional pledges due in future years as follows:

One year or less	\$ 168,000
One to five years	87,500
	<u>255,500</u>
Less discounts to net present value	(2,983)
Less allowance for uncollectible pledges	(7,638)
Pledges receivable, net	<u>\$ 244,879</u>

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

Note 5—Related party transactions

During the year ended December 31, 2020, the Organization received contributions from certain members of the Board of Directors totaling approximately \$105,000. As of December 31, 2020, approximately \$40,000, of outstanding pledges receivable are from prior year pledge commitments from certain members of the Board of Directors.

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

CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 6—Property and equipment

Property and equipment consists of the following at December 31, 2020:

Land	\$ 29,125
Building and improvements	12,259,413
Equipment	530,054
Exhibit design	1,058,833
Exhibit design in progress	84,415
	<u>13,961,840</u>
Less accumulated depreciation	<u>(1,305,130)</u>
	<u>\$ 12,656,710</u>

Depreciation expense for the year ended December 31, 2020 was approximately \$466,000.

Note 7—New market tax credit transactions

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

As a part of the new market tax credit transactions, CCLI issued three notes in March 2016 totaling \$9,500,000 to FCNMF 20, LLC (a CDE). The notes are collateralized by the Museum and pledge agreements, and are also guaranteed by CMF. The notes require quarterly interest payments of a fixed rate of 1.36% per annum until December 2023. Thereafter, annual principal and interest payments totaling approximately \$207,000 are due until maturity in December 2050. Deferred debt issuance costs related to the notes totaled approximately \$677,000 for the year ended December 31, 2020 (see Note 1) of which approximately \$214,000 remains unamortized as of December 31, 2020. The notes contain certain nonfinancial covenants which require management’s representations that the loans will be utilized for the stated purpose of constructing the Museum and that the Organization will continue to qualify as a “qualified low-income community investment” based on the ongoing activities of the Organization and its continuing mission.

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

CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 7—New market tax credit transactions (continued)

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

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

Note 8—Notes payable

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

Mortgage Note – In September 2017, the Organization's mortgage note was refinanced with a principal amount of approximately \$213,000 bearing interest at a fixed rate of 3.75%, with the possibility of new interest rate becoming effective after the first 120 months. The note requires monthly principal and interest payments of approximately \$1,300, and is collateralized by the Organization's primary office location. Debt issuance costs related to the mortgage note totaled approximately \$7,000 of which approximately \$3,000 remains unamortized as of December 31, 2020. The Organization had approximately \$188,000 of principal outstanding on the mortgage note as of December 31, 2020.

Term Note – During 2016, the Organization issued a note to a financial institution totaling \$1,200,000 with a maturity date of March 14, 2022. The term note carries interest at a fixed rate of 4% and requires interest only payments through maturity. During the year ended December 31, 2020, the Organization repaid the outstanding balance in full.

Related Party Note Payable – The Organization issued a \$500,000 note payable to a board member of the Organization on March 14, 2016 with a maturity date of September 1, 2023 and interest payable annually at a fixed rate of 0.65%. The Organization had approximately \$100,000 of principal outstanding on the related party note payable as of December 31, 2020.

Line of Credit/Promissory Note – In January 2018, the Organization entered into a non-revolving line of credit ("NRLOC") agreement with a bank which provided borrowings up to \$500,000 and was expected to mature in January 2025. The NRLOC required interest only payments through February 2020 at which time the borrowed balance on the note began to amortize through maturity. The NRLOC bore an initial variable interest rate of 4.50% which is subject to change every 60 months based on the Wall Street Journal U.S. Prime Rate (4.25% as of December 31, 2020). In April 2020, the Organization converted the NRLOC outstanding balance of approximately \$373,000 into a promissory note with a maturity date of January 16, 2025. The promissory note bears an interest rate of 4.50%. The note requires monthly principal and interest payments of approximately \$2,800 with a final estimated payment of \$284,000. Debt issuance costs related to the NRLOC totaled approximately \$8,000 of which approximately \$3,000 remains unamortized as of December 31, 2020. As of December 31, 2020, the Organization had approximately \$362,000 of principal outstanding on the promissory note, and incurred interest expense of approximately \$16,000 during the year ended December 31, 2020.

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

DECEMBER 31, 2020

Note 8—Notes payable (continued)

Paycheck Protection Program Loan - In April 2020, the Company applied for and received funding for a loan of approximately \$189,000 provided by the U.S. Small Business Administration (“SBA”) Paycheck Protection Program (“PPP”), which is part of the Coronavirus Aid, Relief, and Economic Security Act (the “CARES Act”), enacted on March 27, 2020. Under the terms of the SBA PPP loan, up to 100% of the principal and accrued interest may be forgiven if certain criteria are met and the loan proceeds are used for qualifying expenses such as payroll costs, benefits, rent, and utilities as described in the CARES Act. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight-week period. The unforgiven portion of the PPP loan, if applicable, will be payable over two years at an interest rate of 1%, with a deferral of payments for the first six months or 10 months if a forgiveness application is in process. While the Organization currently believes that its use of the loan proceeds will meet the conditions for forgiveness of the loan, as of year-end, no portion of the loan has been formally forgiven. Therefore, the entire loan balance is recorded as a liability at December 31, 2020, and will be eliminated and recognized as income during fiscal 2021 to the extent forgiven. All associated expenses were incurred during fiscal 2020. See Note 14 for additional information.

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

<u>Years Ending December 31,</u>	
2021	\$ 123,447
2022	127,174
2023	9,636,579
2024	39,605
2025	262,907
Thereafter	<u>150,334</u>
	10,340,046
Deferred financing costs	<u>(224,549)</u>
	<u>\$ 10,115,497</u>

Interest expense relating to notes payable for the year ended December 31, 2020 was approximately \$137,000.

Note 10—Land lease

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

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

DECEMBER 31, 2020

Note 11—Liquidity and availability of resources

Management has budgeted approximately \$3,450,000 of operating expenses to be paid within one year of the consolidated statement of financial position date. The Organization has a goal to maintain financial assets on hand to meet 60 days of normal operating expenses and may invest cash in excess of requirements in a short-term money market investment. The Organization relies on contribution and grant revenue, royalty income generated from its Gatorade Trust, and other revenue from museum operations to pay operating expenses. Contribution and grant revenue for the year ended December 31, 2020, was approximately \$1,452,000. Gatorade Trust royalties for the year ended December 31, 2020, was approximately \$477,000. Management actively monitors operating expenses and cash needs, and will adjust programs and activities, if necessary.

Financial assets available to meet cash needs for general expenditures within one year as of December 31, 2020 consist of the following:

Financial assets as of year-end:

Cash	\$	599,385
Pledges receivable, net		244,879
Receivables (included in prepaid expenses and other current assets)		62,431
		<u>906,695</u>

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

Restricted by donor with time restrictions		(87,500)
Restricted for loan reserve		(168,291)
		<u>(255,791)</u>

Financial assets available to meet cash needs for general expenditures within one year \$ 650,904

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

DECEMBER 31, 2020

Note 12—Functional allocation of expenses

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

	Program Services		Supporting Services				Total
	Museum	Total	Membership	Management	Fundraising	Total	
	Activities	Program		and		Supporting	
		Services	Development	General		Services	
Personnel	\$ 854,837	\$ 854,837	\$ 18,531	\$ 191,064	\$ 13,686	\$ 223,281	\$ 1,078,118
Professional fees and services	60,757	60,757	1,825	252,166	1,102	255,093	315,850
Travel, meeting, and events	97,259	97,259	2,107	4,619	3,617	10,343	107,602
Operating supplies and equipment	184,006	184,006	3,057	29,179	1,879	34,115	218,121
Occupancy	181,616	181,616	2,087	11,865	1,750	15,702	197,318
Depreciation	445,333	445,333	4,732	11,177	4,510	20,419	465,752
Interest expense	228,820	228,820	2,408	23,112	2,331	27,851	256,671
Other	50,000	50,000	-	1,619	-	1,619	51,619
	<u>\$ 2,102,628</u>	<u>\$ 2,102,628</u>	<u>\$ 34,747</u>	<u>\$ 524,801</u>	<u>\$ 28,875</u>	<u>\$ 588,423</u>	<u>\$ 2,691,051</u>

Note 13—Employee benefit plan

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

Note 14—Contingencies and uncertainties/COVID-19 Pandemic

On January 30, 2020, the World Health Organization declared the coronavirus “COVID-19” outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of COVID-19 include restrictions on travel, quarantines, or “stay-at-home” restrictions in certain areas and forced closures for certain types of public places and businesses. COVID-19 and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets globally, including the geographical areas in which the Organization operates. The Organization has operated at limited capacity since reopening in May 2020 in adherence to COVID-19 guidelines.

While it is unknown how long these conditions will last and what the complete financial impact will be, the Organization is closely monitoring the impact of the COVID-19 pandemic on all aspects of the operations and are unable at this time to predict the continued impact that COVID-19 will have on their business, financial position, and operating results in future periods due to numerous uncertainties.

CADE MUSEUM FOUNDATION, INC. AND SUBSIDIARY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2020

Note 14—Contingencies and uncertainties/COVID-19 Pandemic (continued)

In April 2020, the Organization received a loan under the Paycheck Protection Program (“PPP”) for an amount of approximately \$189,000, which was established under the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) and administered by the Small Business Administration (“SBA”). The application for the PPP loan requires the Organization to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operation of the Organization. This certification further requires the Organization to take into account the current business activity and the ability to access other sources of liquidity sufficient to support the ongoing operations in a manner that is not significantly detrimental to the business. The receipt of the funds from the PPP loan and the forgiveness of the PPP loan is dependent on the Organization having initially qualified for the PPP loan and qualifying for the forgiveness of such PPP loan based on funds being used for certain expenditures such as payroll costs and rent, as required by the terms of the PPP loan. There is no assurance that the Organization’s obligation under the PPP loan will be forgiven. If the PPP loan is not forgiven, the Organization will need to repay the PPP loan over the applicable repayment period, commencing after the applicable deferral period.

In accordance with ASC 470, the Organization has elected to treat the PPP loan as debt as of December 31, 2020 since notification of forgiveness had not been received prior to the consolidated balance sheet date. PPP loans issued prior to June 5, 2020 bear interest at 1% and have a maturity of two years. Payments will be deferred until either 1) the SBA remits the borrower’s loan forgiveness amount to the lender or 2) if a borrower does not apply for loan forgiveness, 10 months after the end of the covered period for the borrower’s loan forgiveness. Accordingly, the Organization has classified amounts contractually due in 2021 in the current portion of PPP loan on the consolidated balance sheet and remaining amounts contractually due in 2022 in the PPP loan, net of current portion on the consolidated balance sheet.

Note 15—Subsequent Events

In February 2021, the Organization received approximately \$189,000 of proceeds from a loan issued under the SBA’s Paycheck Protection Program Second Draw Loans under Section 7(a)(37) of the Small Business Act (“PPP2 loan”). The PPP2 loan matures in five years and bears interest at 1% per year with similar repayment terms as the first draw PPP loan. The currently issued guidelines of the program allow for the loan proceeds to be forgiven if certain requirements are met. Any loan proceeds not forgiven will be repaid in full.

SUPPLEMENTARY INFORMATION

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

DECEMBER 31, 2020

	Cade Museum Foundation, Inc.	Cade Creativity Labs, Inc.	Elimination Entries	Consolidated Total
ASSETS				
Current Assets:				
Cash	\$ 390,752	\$ 208,633	\$ -	\$ 599,385
Current portion of pledges receivable, net	143,000	25,000	-	168,000
Prepaid expenses and other current assets	145,909	83,089	(135,875)	93,123
Total Current Assets	<u>679,661</u>	<u>316,722</u>	<u>(135,875)</u>	<u>860,508</u>
Property and equipment, net	<u>696,493.00</u>	<u>11,960,217</u>	<u>-</u>	<u>12,656,710</u>
Other Assets:				
Pledges receivable, net, less current portion	76,879	-	-	76,879
Investment in Gatorade Trust	3,188,960	-	-	3,188,960
Museum collection	536,095	5,600	-	541,695
Note receivable	5,222,400	-	-	5,222,400
Total Other Assets	<u>9,024,334</u>	<u>5,600</u>	<u>-</u>	<u>9,029,934</u>
Total Assets	<u>\$ 10,400,488</u>	<u>\$ 12,282,539</u>	<u>\$ (135,875)</u>	<u>\$ 22,547,152</u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Current portion of PPP loan	\$ -	\$ 94,556	\$ -	\$ 94,556
Current portion of notes payable	28,891	-	-	28,891
Accounts payable and accrued expenses	32,328	239,310	(135,875)	135,763
Deferred revenue	-	31,474	-	31,474
Total Current Liabilities	<u>61,219</u>	<u>365,340</u>	<u>(135,875)</u>	<u>290,684</u>
PPP loan, less current portion	-	94,871	-	94,871
Notes payable, less current portion and unamortized deferred debt issuance costs	<u>610,841</u>	<u>9,286,338</u>	<u>-</u>	<u>9,897,179</u>
Total Liabilities	<u>672,060</u>	<u>9,746,549</u>	<u>(135,875)</u>	<u>10,282,734</u>
Net Assets	<u>9,728,428</u>	<u>2,535,990</u>	<u>-</u>	<u>12,264,418</u>
Total Net Assets	<u>9,728,428</u>	<u>2,535,990</u>	<u>-</u>	<u>12,264,418</u>
Total Liabilities and Net Assets	<u>\$ 10,400,488</u>	<u>\$ 12,282,539</u>	<u>\$ (135,875)</u>	<u>\$ 22,547,152</u>

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

DECEMBER 31, 2019

	Cade Museum Foundation, Inc.	Cade Creativity Labs, Inc.	Elimination Entries	Consolidated Total
ASSETS				
Current Assets:				
Cash	\$ 141,172	\$ 235,000	\$ -	\$ 376,172
Current portion of pledges receivable, net	247,650	-	-	247,650
Prepaid expenses and other current assets	111,761	86,240	(105,561)	92,440
Total Current Assets	<u>500,583</u>	<u>321,240</u>	<u>(105,561)</u>	<u>716,262</u>
Property and equipment, net	<u>612,232</u>	<u>12,253,670</u>	<u>-</u>	<u>12,865,902</u>
Other Assets:				
Pledges receivable, net, less current portion	195,533	-	-	195,533
Investment in Gatorade Trust	3,116,000	-	-	3,116,000
Museum collection	536,095	5,600	-	541,695
Note receivable	5,222,400	-	-	5,222,400
Total Other Assets	<u>9,070,028</u>	<u>5,600</u>	<u>-</u>	<u>9,075,628</u>
Total Assets	<u><u>\$ 10,182,843</u></u>	<u><u>\$ 12,580,510</u></u>	<u><u>\$ (105,561)</u></u>	<u><u>\$ 22,657,792</u></u>
LIABILITIES AND NET ASSETS				
Current Liabilities:				
Current portion of notes payable	\$ 7,598	\$ -	\$ -	\$ 7,598
Accounts payable and accrued expenses	1,733	227,776	(105,561)	123,948
Deferred revenue	-	47,953	-	47,953
Total Current Liabilities	<u>9,331</u>	<u>275,729</u>	<u>(105,561)</u>	<u>179,499</u>
Line of credit	388,783	-	-	388,783
Notes payable, less current portion and unamortized deferred debt issuance costs	<u>283,288</u>	<u>9,189,586</u>	<u>-</u>	<u>9,472,874</u>
Total Liabilities	<u>681,402</u>	<u>9,465,315</u>	<u>(105,561)</u>	<u>10,041,156</u>
Net Assets	<u>9,501,441</u>	<u>3,115,195</u>	<u>-</u>	<u>12,616,636</u>
Total Net Assets	<u>9,501,441</u>	<u>3,115,195</u>	<u>-</u>	<u>12,616,636</u>
Total Liabilities and Net Assets	<u><u>\$ 10,182,843</u></u>	<u><u>\$ 12,580,510</u></u>	<u><u>\$ (105,561)</u></u>	<u><u>\$ 22,657,792</u></u>

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

YEAR ENDED DECEMBER 31, 2020

	Cade Museum Foundation, Inc.	Cade Creativity Labs, Inc.	Elimination Entries	Consolidated Total
Revenue, Gains, and Other Support:				
Gatorade Trust royalties	\$ 477,405	\$ -	\$ -	\$ 477,405
Contribution and grant revenue	1,140,911	311,472	-	1,452,383
Membership and admissions	2,018	85,398	-	87,416
Educational programs	-	93,450	-	93,450
Gift shop	-	20,483	-	20,483
Facility rental income	-	60,174	-	60,174
Other income	64,259	1,364,791	(1,354,488)	74,562
Unrealized gain on Gatorade Trust	72,960	-	-	72,960
Total Revenue, Gains, and Other Support	<u>1,757,553</u>	<u>1,935,768</u>	<u>(1,354,488)</u>	<u>2,338,833</u>
Expenses:				
Program Services:				
Museum activities	117,555	1,985,073	-	2,102,628
Support Services:				
Membership development	1,042	33,705	-	34,747
Management and general	56,026	468,775	-	524,801
Fundraising	1,455	27,420	-	28,875
Total Support Activities	<u>58,523</u>	<u>529,900</u>	<u>-</u>	<u>588,423</u>
Total Expenses	<u>176,078</u>	<u>2,514,973</u>	<u>-</u>	<u>2,691,051</u>
Contribution from Cade Museum Foundation, Inc. to Cade Creativity Labs, Inc.				
	<u>1,354,488</u>	<u>-</u>	<u>(1,354,488)</u>	<u>-</u>
Change in net assets	226,987	(579,205)	-	(352,218)
Net assets, beginning of year	<u>9,501,441</u>	<u>3,115,195</u>	<u>-</u>	<u>12,616,636</u>
Net assets, end of year	<u>\$ 9,728,428</u>	<u>\$ 2,535,990</u>	<u>\$ -</u>	<u>\$ 12,264,418</u>

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

YEAR ENDED DECEMBER 31, 2019

	Cade Museum Foundation, Inc.	Cade Creativity Labs, Inc.	Elimination Entries	Consolidated Total
Revenue, Gains, and Other Support:				
Gatorade Trust royalties	\$ 414,502	\$ -	\$ -	\$ 414,502
Contribution and grant revenue	845,498	256,031	-	1,101,529
Membership and admissions	-	196,240	-	196,240
Educational programs	-	138,950	-	138,950
Gift shop	-	53,434	-	53,434
Facility rental income	-	171,062	-	171,062
Other income	67,765	1,452,470	(1,449,727)	70,508
Unrealized gain on Gatorade Trust	-	-	-	-
Total Revenue, Gains, and Other Support	<u>1,327,765</u>	<u>2,268,187</u>	<u>(1,449,727)</u>	<u>2,146,225</u>
Expenses:				
Program Services:				
Museum activities	119,588	2,039,206	-	2,158,794
Support Services:				
Membership development	1,242	36,107	-	37,349
Management and general	132,282	585,901	-	718,183
Fundraising	7,022	25,869	-	32,891
Total Support Activities	<u>140,546</u>	<u>647,877</u>	<u>-</u>	<u>788,423</u>
Total Expenses	<u>260,134</u>	<u>2,687,083</u>	<u>-</u>	<u>2,947,217</u>
Contribution from Cade Museum Foundation, Inc. to Cade Creativity Labs, Inc.	<u>1,449,727</u>	<u>-</u>	<u>(1,449,727)</u>	<u>-</u>
Change in net assets	(382,096)	(418,896)	-	(800,992)
Net assets, beginning of year	<u>9,883,537</u>	<u>3,534,091</u>	<u>-</u>	<u>13,417,628</u>
Net assets, end of year	<u>\$ 9,501,441</u>	<u>\$ 3,115,195</u>	<u>\$ -</u>	<u>\$ 12,616,636</u>