

CHAUTAUQUA INSTITUTION AND SUBSIDIARY

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

***YEARS ENDED
DECEMBER 31, 2021 AND 2020***

CHAUTAUQUA INSTITUTION AND SUBSIDIARY

TABLE OF CONTENTS

	<u>Page</u>
Officers and Executive Committee.....	1
Board of Trustees	2
Organization and Operation.....	3
Independent Auditor’s Report	4-5
Consolidated Financial Statements:	
Statements of Financial Position	6
Statements of Activities	7
Statements of Functional Expenses	8-9
Statements of Cash Flows.....	10
Notes to Consolidated Financial Statements.....	11-18
Supplemental Information	
Consolidating Statement of Financial Position	19
Consolidating Statement of Activities	20
Consolidating Statement of Cash Flows.....	21
Consolidated Schedule of Earnings and Cash Flows (unaudited).....	22
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	23

CHAUTAUQUA INSTITUTION AND SUBSIDIARY

DECEMBER 31, 2021

OFFICERS AND EXECUTIVE STAFF OF THE CORPORATION

Candace L. Maxwell	-	Chair, Board of Trustees
Marnette Perry	-	Vice Chair, 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
Shannon D. Rozner	-	Senior Vice President of Community Relations and General Counsel
Amit Taneja	-	Senior Vice President and Chief Inclusion, Diversity, Equity and Accessibility (IDEA) Officer
Rindy S. Barmore	-	Executive Assistant and Corporate Secretary
Matthew J. Ewalt	-	Vice President and Emily and Richard Smucker Chair for Education
Amy J. Gardner	-	Vice President of Advancement and Campaign Director
Gene V. Robinson	-	Vice President of Religion and Senior Pastor
John L. Shedd	-	Vice President of Campus Planning and Operations

EXECUTIVE COMMITTEE OF THE BOARD OF TRUSTEES

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

CHAUTAUQUA INSTITUTION AND SUBSIDIARY

AS OF DECEMBER 31, 2021

BOARD OF TRUSTEES

*Hugh A. Butler	Anita Lin
Judith S. Claire	Jesse Marion
*Rick Evans	Candace L. Maxwell
Helene D. Gayle	Sarah Hagen McWilliams
Nancy Gibbs	Michael D. Metzger
Paul Hagman	*William H. Neches
Izumi Hara	Gwen Adams Norton
John Haughton	Richard J. Osborne
Terrance N. Horner, Jr	David Peckinpaugh
Kyle Keogh	Marnette Perry
*James M. Klingensmith	Larry D. Thompson
Nancy S. Kyler	Richard R. Wade

*Trustees elected by corporation

HONORARY TRUSTEES FOR LIFE

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

Opinion

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, 2021 and 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above, present fairly, in all material respects, the financial position of **Chautauqua Institution and Subsidiary**, as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Chautauqua Institution and Subsidiary** and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Auditor's Updated Opinion on 2020 Financial Statements

In our report dated April 15, 2021, we expressed an opinion that the 2020 financial statements did not fairly present financial position, results of operations, and cash flows in accordance with accounting principles generally accepted in the United States of America because the Institution did not record its beneficial interest in the net assets held by Chautauqua Foundation, Inc. As described in Note 15, the Institution has changed its method of accounting for that item and has restated its 2020 financial statements to conform with accounting principles generally accepted in the United States of America. Accordingly, our present opinion on the 2020 financial statements, as presented herein, is different from that expressed in our previous report.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Chautauqua Institution and Subsidiary's** ability to continue as a going concern for within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental statements on pages 19 through 22 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and, except for that portion marked "unaudited," was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. That 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. The information marked "unaudited" has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 20, 2022, on our consideration of **Chautauqua Institution's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Chautauqua Institution's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the **Chautauqua Institution's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Jamestown, New York
April 20, 2022**

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Page 6

<i>As of December 31,</i>	2021	2020 as restated
Assets		
Current assets:		
Cash and cash equivalents		
Unrestricted cash	\$ 20,555,825	\$ 9,406,446
Donor restricted cash	2,105,555	2,724,480
Accounts receivable	181,527	163,700
Inventories	566,607	476,437
Prepaid expenses and deferred charges	379,139	689,398
Current portion of contributions receivable (Note 3)	3,128,554	2,434,448
Total current assets	26,917,207	15,894,909
Non-current assets:		
Beneficial interest in net assets of Chautauqua Foundation, Inc. (Note 15)	140,234,346	120,403,743
Payout due from Chautauqua Foundation (Note 15)	1,399,275	1,147,519
Contributions receivable (Note 3)	5,500,750	1,178,824
Property and equipment, less accumulated depreciation (Note 5)	99,235,130	101,457,294
Other assets (Note 16)	24,000	24,000
Total non-current assets	246,393,501	224,211,380
Total assets	\$ 273,310,708	\$ 240,106,289
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,583,811	\$ 3,098,958
Deferred income	258,696	1,144,215
Paycheck Protection Program loans (Note 7)	2,887,400	3,357,700
Current maturities of long-term debt (Note 8)	51,829	52,401
Total current liabilities	6,781,736	7,653,274
Long-term liabilities		
Long-term debt, less current maturities (Note 8)	79,503	130,344
Total long-term liabilities	79,503	130,344
Total liabilities	6,861,239	7,783,618
Net assets:		
Without donor restriction	116,429,207	106,151,630
With donor restriction (Note 9)	150,020,262	126,171,041
Total net assets	266,449,469	232,322,671
	\$ 273,310,708	\$ 240,106,289

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

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF ACTIVITIES

Page 7

Years ended December 31,	2021			2020 as restated		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenues, gains and other support:						
Contributions (Note 3)	\$ 3,792,959	\$ 10,998,035	\$ 14,790,994	\$ 5,063,300	\$ 4,412,963	\$ 9,476,263
Endowment support from Chautauqua Foundation	1,212,235	2,735,503	3,947,738	1,282,015	2,756,137	4,038,152
Government grants	--	8,000,000	8,000,000	--	--	--
Capital improvements service charge	773,545	--	773,545	437,933	--	437,933
Program support:						
Gate, parking and waterfront	10,345,760	--	10,345,760	141,740	--	141,740
Performing and visual arts	1,262,468	--	1,262,468	239,143	--	239,143
Education and youth services	826,985	--	826,985	92,121	--	92,121
Recreation	1,873,794	--	1,873,794	1,191,296	--	1,191,296
Enterprise activities	2,319,792	--	2,319,792	574,918	--	574,918
Chautauqua Hotel Company, Inc.	5,198,714	--	5,198,714	908,642	--	908,642
Operation, administration and support	1,561,329	--	1,561,329	1,274,894	--	1,274,894
Miscellaneous income	352,117	--	352,117	23,200	--	23,200
Change in beneficial interest in net assets of Chautauqua Foundation	--	19,830,603	19,830,603	--	12,766,232	12,766,232
Investment income	6,120	--	6,120	70,876	--	70,876
Gain on forgiveness of Institution PPP loan	2,723,900	--	2,723,900	--	--	--
Gain on sale of assets	66,900	--	66,900	203,848	--	203,848
Net assets released from restrictions:						
Satisfaction of program restrictions	17,657,571	(17,657,571)	--	4,162,502	(4,162,502)	--
Expiration of time restrictions	57,349	(57,349)	--	114,301	(114,301)	--
Total revenues, gains and other support	50,031,538	23,849,221	73,880,759	15,780,729	15,658,529	31,439,258
Expenses:						
Performing and visual arts	8,096,463	--	8,096,463	3,751,772	--	3,751,772
Religion	609,305	--	609,305	549,713	--	549,713
Education and youth services	2,118,913	--	2,118,913	1,609,400	--	1,609,400
Recreation	1,531,087	--	1,531,087	1,075,838	--	1,075,838
Gate and parking	1,343,641	--	1,343,641	631,335	--	631,335
Enterprise activities	2,139,357	--	2,139,357	755,404	--	755,404
Chautauqua Hotel Company, Inc.	5,644,929	--	5,644,929	2,998,170	--	2,998,170
Operation, administration and support	13,540,253	--	13,540,253	11,200,296	--	11,200,296
Depreciation (Note 5)	4,730,013	--	4,730,013	4,841,438	--	4,841,438
Total expenses	39,753,961	--	39,753,961	27,413,366	--	27,413,366
Change in net assets	10,277,577	23,849,221	34,126,798	(11,632,637)	15,658,529	4,025,892
Net assets, at beginning of year	106,151,630	126,171,041	232,322,671	117,784,267	2,875,001	120,659,268
Change in accounting method (Note 15)	--	--	--	--	107,637,511	107,637,511
Net assets, at end of year	\$ 116,429,207	\$ 150,020,262	\$ 266,449,469	\$ 106,151,630	\$ 126,171,041	\$ 232,322,671

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year ended December 31, 2021

	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	\$ 3,332,267	\$ 298,224	\$ 1,141,889	\$ 904,046	\$ 1,355,319	\$ 1,998,015	\$ 9,029,760	\$ 2,218,287	\$ 1,530,257	\$ 3,748,544	\$ --	\$ 12,778,304
Employee benefits and payroll taxes	456,533	81,627	225,021	190,402	163,240	933,645	2,050,468	334,567	321,931	656,498	--	2,706,966
	3,788,800	379,851	1,366,910	1,094,448	1,518,559	2,931,660	11,080,228	2,552,854	1,852,188	4,405,042	--	15,485,270
Grants expense	769,367	--	--	--	--	--	769,367	--	--	--	--	769,367
Legal and accounting	--	--	--	--	--	105	105	287,584	--	287,584	--	287,689
Advertising and promotion	593	--	325	5,229	633	362,979	369,759	198,607	139,731	338,338	--	708,097
Information technology	--	--	--	--	--	1,944	1,944	88,453	66,540	154,993	--	156,937
Utilities	218,032	1,577	49,018	53,276	91,888	273,693	687,484	13,555	--	13,555	--	701,039
Hospitality/Travel	590,934	67,819	110,825	15,501	365,636	128,580	1,279,295	151,191	95,445	246,636	--	1,525,931
Interest	--	--	--	--	--	--	--	--	--	--	20,968	20,968
Insurance	--	--	--	--	--	--	--	583,809	--	583,809	--	583,809
Program expense	1,792,866	72,735	374,873	11,134	61,401	207,540	2,520,549	84,892	--	84,892	--	2,605,441
Maintenance	106,784	1,080	47,624	62,029	55,451	456,419	729,387	37,191	4,487	41,678	--	771,065
Fundraising	--	--	--	--	--	--	--	--	215,157	215,157	--	215,157
Telephone	17,995	3,766	7,258	3,423	2,676	24,108	59,226	132,571	3,383	135,954	--	195,180
Dues and subscriptions	10,681	2,235	4,204	16,525	6,700	1,985	42,330	33,618	3,646	37,264	--	79,594
Other	450,333	33,036	30,579	17,685	632,739	230,726	1,395,098	370,076	137,742	507,818	--	1,902,916
Real estate taxes	--	--	--	--	--	--	--	224,316	--	224,316	--	224,316
Supplies and postage	350,078	47,206	127,297	247,753	126,998	330,697	1,230,029	103,773	30,933	134,706	--	1,364,735
Cost of goods sold	--	--	--	4,084	620,317	--	624,401	--	--	--	--	624,401
Consultants	--	--	--	--	--	--	--	--	178,075	178,075	--	178,075
Conservation of Chautauqua Lake	--	--	--	--	--	1,000,000	1,000,000	--	--	--	--	1,000,000
Depreciation	--	--	--	--	--	4,730,013	4,730,013	--	--	--	361,460	5,091,473
Chautauqua Hotel Company, Inc.	--	--	--	--	--	--	--	--	--	--	5,262,501	5,262,501
Total expenses	8,096,463	609,305	2,118,913	1,531,087	3,482,998	10,680,449	26,519,215	4,862,490	2,727,327	7,589,817	5,644,929	39,753,961
Expenses allocated												
Depreciation	1,956,492	139,999	501,186	303,571	--	(3,043,014)	(141,766)	141,766	--	141,766	--	--
Support services	940,160	67,274	240,836	145,876	--	810,659	2,204,805	(2,204,805)	--	(2,204,805)	--	--
	\$ 10,993,115	\$ 816,578	\$ 2,860,935	\$ 1,980,534	\$ 3,482,998	\$ 8,448,094	\$ 28,582,254	\$ 2,799,451	\$ 2,727,327	\$ 5,526,778	\$ 5,644,929	\$ 39,753,961

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
Information technology	--	--	--	--	--	--	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
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
Other	69,645	3,121	69,517	379	164,408	161,493	468,563	464,383	36,384	500,767	--	969,330
Real estate taxes	--	--	--	--	--	--	--	211,077	--	211,077	--	211,077
Supplies and postage	69,427	3,206	114,030	140,403	57,841	307,804	692,711	86,274	30,108	116,382	--	809,093
Cost of goods sold	--	--	--	3,134	298,046	--	301,180	--	--	--	--	301,180
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 CASH FLOWS (Note 10)

Page 10

Years ended December 31,	2021	2020 as restated
Cash flows from operating activities:		
Change in net assets	\$ 34,126,798	\$ 4,025,892
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,091,473	5,205,690
Gain on sale of assets	(66,900)	(203,848)
Change in beneficial interest in net assets of Chautauqua Foundation, Inc.	(19,830,603)	(12,766,232)
Change in payout due from Chautauqua Foundation, Inc.	(251,756)	(485,608)
Gain on forgiveness of PPP loans	(3,362,042)	-
Contributions restricted for capital needs	(1,494,529)	(4,955,251)
Change in operating assets and liabilities:		
Accounts receivable	(17,827)	548,553
Inventories	(90,170)	58,686
Prepaid expenses and deferred charges	310,259	(238,795)
Contributions receivable	(5,016,032)	3,139,087
Accounts payable and accrued expenses	489,195	518,263
Deferred income	(885,519)	(440,367)
Total adjustments	(25,124,451)	(9,619,822)
Net cash provided by (used in) operating activities	9,002,347	(5,593,930)
Cash flows from investing activities:		
Collection on note receivable	-	238,031
Capital expenditures	(2,801,420)	(3,114,508)
Proceeds from sale of assets	-	239,837
Net cash used in investing activities	(2,801,420)	(2,636,640)
Cash flows from financing activities:		
Proceeds from Paycheck Protection Program loans	2,887,400	3,357,700
Proceeds from contributions restricted for capital needs	1,494,529	4,955,251
Principal payments on long-term debt	(52,402)	(55,396)
Net cash provided by financing activities	4,329,527	8,257,555
Net change in cash and cash equivalents	10,530,454	26,985
Cash and cash equivalents, beginning of year	12,130,926	12,103,941
Cash and cash equivalents, end of year	\$ 22,661,380	\$ 12,130,926

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, 2021 AND 2020**

Page 11

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, a self-service laundry facility (Shaw Laundry), ATruck, 3Taps, and the Double Eagle Patio. 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, 2021 and 2020.

**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 \$243,453 and \$172,412 during the years ended December 31, 2021 and 2020, 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.

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

Page 12

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

Beneficial Interest in Net Assets of Chautauqua Foundation, Inc.

The Chautauqua Foundation, Inc. (Foundation) is a 501(c)(3) organization whose sole purpose is to raise and invest funds to support the mission and operations for the benefit of the Chautauqua Institution. The Foundation is governed by an independent board of directors, with the majority of members being non-Institution directors. Although the Institution does not exercise control of the Foundation, all assets held by the Foundation are held for the financial benefit of the Institution and the organizations are therefore considered to be financially interrelated. As such, the consolidated financial statements of the Institution and the Hotel include the net assets and annual change in net assets of the Foundation.

See Note 15 with regard to the change in the method of accounting for the interest in net assets of the Chautauqua Foundation, Inc.

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.

NOTE 1 - SUMMARY OF ACCOUNTING POLICIES
(CONTINUED)

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.

Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentation.

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 7), 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 Institution has no contract assets as of December 31, 2021 and 2020. Contract liabilities of the Institution consist of deferred ticket sales, gift certificates and other fees which totaled \$258,696 and \$1,144,215 as of December 31, 2021 and 2020, respectively. Contract liabilities of the Hotel consist of advance deposits which totaled \$164,473 and \$239,318 as of December 31, 2021 and 2020, 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, 2021 AND 2020

NOTE 3 – CONTRIBUTION REVENUE AND RECEIVABLES

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

	2021			2020		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Contributions:						
Cash received from Chautauqua Fund	\$ 3,792,959	\$ 4,936,399	\$ 8,729,358	\$ 5,063,300	\$ 1,655,253	\$ 6,718,553
Cash received for other programmatic support	--	740,470	740,470	--	--	--
Cash received or previously deferred for capital contributions	--	1,494,529	1,494,529	--	4,955,251	4,955,251
Net additions (payments) on pledges	--	3,826,637	3,826,637	--	(2,197,541)	(2,197,541)
Total contributions	\$ 3,792,959	\$ 10,998,035	\$ 14,790,994	\$ 5,063,300	\$ 4,412,963	\$ 9,476,263

NOTE 3 – CONTRIBUTION REVENUE AND RECEIVABLES (CONTINUED)

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

	2021	2020
Gross – unconditional promises to give	\$ 8,951,597	\$ 3,667,422
Less unamortized discount	(322,293)	(54,150)
Net unconditional promises to give	\$ 8,629,304	\$ 3,613,272
Amounts due in:		
Less than one year	\$ 3,128,554	\$ 2,434,448
One to five years	5,500,750	1,178,824
	\$ 8,629,304	\$ 3,613,272

To determine present value, the interest rate applied was 3% for both 2021 and 2020, respectively. As of December 31, 2021 and 2020, the Institution expects contributions receivable to be fully collectible.

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:

	2021	2020
Land and improvements	\$ 18,746,510	\$ 18,124,407
Buildings and furnishings	128,408,491	127,027,800
Recreation facilities	9,546,576	9,442,034
Equipment	15,760,652	15,306,717
Construction in progress	248,761	133,413
Golf course and facilities	6,826,389	6,825,286
	179,537,379	176,859,657
Less accumulated depreciation	(80,302,249)	(75,402,363)
Net property and equipment	\$ 99,235,130	\$ 101,457,294

Depreciation expense for the Institution totaled \$4,730,013 and \$4,841,438 for the years ended December 31, 2021 and 2020, respectively. Depreciation expense for the Hotel totaled \$361,460 and \$364,252 (including amortization of \$989 and \$989) for the years ended December 31, 2021 and 2020, 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, 2021 and 2020.

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 7 – PAYCHECK PROTECTION PROGRAM LOANS

PPP round 1

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 statement of financial position as of December 31, 2020. The Institution's note had an original maturity date of April 2022, however on June 8, 2021, the Institution received approval of its application for loan forgiveness and recognized a gain on forgiveness of the loan in accordance with ASC 470 during the year ended December 31, 2021. The Hotel's note had an original maturity date of April 2022, however in March 2021, the Hotel received approval of its application for loan forgiveness, and recognized a gain on forgiveness (including accrued interest) of the loan in accordance with ASC 470 during the year ended December 31, 2021.

PPP round 2

During the year ended December 31, 2021, the Institution and Hotel were approved for and received a second Paycheck Protection Program loan of \$2,000,000 and \$887,400, respectively, which is included in the consolidated statement of financial position as of December 31, 2021. The Institution's note matures in 2026 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 2026, however in February 2022, 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, 2022.

NOTE 8 - LONG-TERM DEBT

Long-term debt consists of:

	<u>2021</u>	<u>2020</u>
4% note held by the Hotel payable \$4,483 per month, including interest through June, 2024, secured by real estate.	\$ 126,502	\$ 173,672
2.99% capital lease obligation, payable \$581 per month, including interest through May, 2021, secured by leased equipment.	--	2,494
7.00% capital lease obligation, payable \$271 per month, including interest through August, 2024, secured by equipment.	7,301	10,038
	<u>133,803</u>	<u>186,204</u>
Less unamortized debt issuance cost	(2,471)	(3,459)
Less current maturities	<u>(51,829)</u>	<u>(52,401)</u>
Total long-term debt	<u>\$ 79,503</u>	<u>\$ 130,344</u>

The aggregate amounts of long-term debt maturing in each of the next four years are as follows: 2022 - \$51,829, 2023 - \$53,829, and 2024 - \$28,145.

NOTE 9 – NET ASSETS WITH DONOR RESTRICTION

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

	<u>2021</u>	<u>2020</u> <u>as restated</u>
Various programs/capital	\$ 8,284,811	\$ 4,491,890
Rogers Fund	70,556	70,540
Beneficial interest in net assets of Foundation (note 15)	140,234,346	120,403,743
Payout due from Foundation (note 15)	1,399,275	1,147,519
Timing restriction	31,274	57,349
	<u>\$ 150,020,262</u>	<u>\$ 126,171,041</u>

NOTE 10 - SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash paid during the year for:

	<u>2021</u>	<u>2020</u>
Interest	\$ 14,109	\$ 9,479
Income taxes	\$ 250	\$ 250

Noncash investing activities for the year:

	<u>2021</u>	<u>2020</u>
Contributed securities	\$ 989,111	\$ 3,407,177

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

**CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020**

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 \$702,972 in 2021 and \$477,973 in 2020.

NOTE 12 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents the Organization’s financial assets as of December 31, 2021 and 2020 :

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 22,661,380	\$ 12,130,926
Accounts receivable	181,527	163,700
Contributions receivable, collected in less than one year	3,128,554	2,434,448
Total financial assets, excluding noncurrent assets	25,971,461	14,729,074
Less amounts not available to be used within one year:		
Net assets with donor restrictions, excluding net interest in assets of Foundation	(8,386,641)	(4,619,779)
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 17,584,820</u>	<u>\$ 10,109,295</u>

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, 2021 and 2020. 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, 2021 and 2020, 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, 2021 and 2020, the subsidiary had assets of \$7,361,200 and \$7,171,812, liabilities of \$3,250,957 and \$2,915,354, stockholder’s equity of \$4,110,243 and \$4,256,458, and net losses of \$446,215 and \$2,089,528, 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:

NOTE 14 – SUBSIDIARY (CONTINUED)

	<u>2021</u>	<u>2020</u>
Revenues:		
Room and restaurant charges	\$ 1,084,201	\$ 10,193
Conference rentals, net	40,930	--
Expenses:		
Management fees	\$ 207,290	\$ --
Annual license fees	5,636	--
Rent, computer fees, advertising, service charges and gate/parking passes	165,177	--

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

As of December 31, 2021 and 2020, the Hotel had accounts payable due to the Institution in the amount of \$1,795,546 and \$1,295,678, respectively. During the years ended December 31, 2021 and 2020, the Institution made contributions to the Hotel in the amount of \$300,000 and \$0, 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. The total amount outstanding as of December 31, 2021 and 2020 was \$78,921 and \$193,361, respectively.

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. The total amount outstanding as of December 31, 2021 and 2020 was \$0 and \$200,000, respectively.

These notes have been eliminated in the consolidated financial statements.

NOTE 15 – BENEFICIAL INTEREST IN NET ASSETS OF CHAUTAUQUA FOUNDATION, INC.

In years prior to 2021, the Institution elected not to report its beneficial interest in the net assets of the Chautauqua Foundation, Inc. (the Foundation). This was not in accordance with accounting principles generally accepted in the United States of America, which requires the inclusion of the net assets and annual change in the net assets of the Foundation. The Institution changed its method of accounting for the beneficial interest in net asset of the Foundation to be in accordance with generally accepted accounting principles for the year ended December 31, 2021 and restated its 2020 financial statements accordingly. The effect of this restatement was an increase in the Institution’s January 1, 2020 net assets of \$107,637,511 and an increase in revenue of \$12,766,232 during the year ended December 31, 2020. The Foundation was, and remains, a distinct legal entity, separate from the Institution.

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 15 - BENEFICIAL INTEREST IN NET ASSETS OF CHAUTAUQUA FOUNDATION, INC. (CONTINUED)

Financial information

The following is selected financial information of the Foundation for the years ended December 31, 2021 and 2020:

	2021	2020
Revenues, gains and other support:	\$ 24,936,590	\$ 17,927,475
Expenses:	\$ 5,105,987	\$ 5,161,243
Change in net assets	\$ 19,830,603	\$ 12,766,232
Assets	\$ 141,716,344	\$ 121,655,871
Liabilities	\$ 1,481,998	\$ 1,252,128
Net assets	\$ 140,234,346	\$ 120,403,743
Total liabilities and net assets	\$ 141,716,344	\$ 121,655,871

As of December 31, 2021 and 2020, the Institution's beneficial interest in the net assets of the Foundation totaled \$140,234,346 and \$120,403,743, respectively. During the years ended December 31, 2021 and 2020, the Foundation distributed \$3,695,982 and \$3,552,544, respectively, to the Institution for capital improvements and other programs and are made as the underlying restriction has been met and pursuant to the Foundation's spending policy guidelines and donor stipulations or as approved by the Foundation's Board. Due to the timing and purpose restrictions imposed by donor's or by the Foundation Board, the beneficial interest in the net assets of the Foundation is reported as net assets with donor restrictions at year-end.

Payout due from Chautauqua Foundation, Inc.

Included in the Payout due from 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 \$1,399,275 and \$1,147,519 as of December 31, 2021 and 2020, respectively.

Borrowing Agreement

On May 12, 2016, the Foundation obtained a \$25,000,000 bank revolving credit note (the Note) with interest at the LIBOR flex rate plus 1% to facilitate financing the renovation of the Institution's amphitheater. The Note required the Foundation to maintain a minimum balance in marketable securities or cash of \$25,000,000. No amounts were outstanding at December 31, 2020 and the Note was closed in July 2021.

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, 2021 and 2020.

The Hotel is a taxable entity. The provision for income taxes includes state income taxes in the amount of \$1,500 and \$1,200 for the years ended December 31, 2021 and 2020, respectively. 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, 2021 and 2020, 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, 2021 in the amount of approximately \$5,006,000 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 2018 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 \$19,500 for the Brick Walk Café and the Gazebo; \$6,290 for Afterwords Café; \$5,500 for Plaza Market; \$19,500 for Shaw Laundry; and \$24,137 for Double Eagle Patio. Management anticipates renewing these leases on an annual basis going forward

Rent expense and related charges for the years ended December 31, 2021 and 2020 totaled \$74,927 and \$0, respectively. Rental fees were waived by the Institution for 2020 as a result of the pandemic.

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

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 20, 2022, 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 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.

The Organization considers the measurement of its beneficial interest in the net assets of the Chautauqua Foundation, Inc. to be a Level 3 measurement within the fair value measurement hierarchy and is measured at fair value based on the total net assets of the Foundation.

	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, 2021
December 31, 2021				
Beneficial interest in net assets of Chautauqua Foundation, Inc.	\$ --	\$ --	\$ 140,234,346	\$ 140,234,346
Contributions receivable	--	--	8,629,304	8,629,304
Total	\$ --	\$ --	\$ 148,863,650	\$ 148,863,650

	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				
Beneficial interest in net assets of Chautauqua Foundation, Inc.	\$ --	\$ --	\$ 120,403,743	\$ 120,403,743
Contributions receivable	--	--	3,613,272	3,613,272
Total	\$ --	\$ --	\$ 124,017,015	\$ 124,017,015

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

	2021 Beneficial interest in net assets of Chautauqua Foundation	2021 Contribution Receivable	2020 Beneficial interest in net assets of Chautauqua Foundation	2020 Contribution Receivable
Beginning balance	\$ 120,403,743	\$ 3,613,272	\$ 107,637,511	\$ 6,752,359
Promises recognized	--	8,430,000	--	1,895,000
Collections	--	(2,992,667)	--	(4,675,272)
Change in other receivables	--	(153,158)	--	(343,798)
Net change in valuation	19,830,603	(268,143)	12,766,232	(15,017)
Total	\$ 140,234,346	\$ 8,629,304	\$ 120,403,743	\$ 3,613,272

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2021 AND 2020

NOTE 21 – GOVERNMENT GRANTS

During the year, the Institution received \$8,000,000 from the U.S. Small Business Administration’s Shuttered Venue Operators Grant program. This amount is reported in the consolidated statements of activities as government grants. Grant funding is subject to audit examination by the grantor to determine compliance with grant conditions. In the event expenditures would be disallowed, repayment could be required. Management of the Institution believes it has materially complied with the terms of the grant agreement.

NOTE 22 – 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 during 2020 and 2021 totaling \$6,245,100. A physical in-person Summer Assembly Season in 2021 with limited venue capacity, necessary to manage COVID health and safety protocols resulted in reduced patronage and revenue from historical highs and reduced operating spending.

The 2022 operating plan anticipates a return to historical patronage, including a return to 2019 Summer Assembly Season attendance levels.

SUPPLEMENTAL INFORMATION

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF FINANCIAL POSITION

As of December 31, 2021

Assets	Beneficial interest in net assets				Total
	Chautauqua Institution	of Chautauqua Foundation	Chautauqua Hotel Company	Eliminations/ Reclassifications	
Current assets:					
Cash and cash equivalents					
Unrestricted cash	\$ 20,275,004	\$ --	\$ 280,821	\$ --	\$ 20,555,825
Donor restricted cash	2,105,555	--	--	--	2,105,555
Accounts receivable	1,882,044	--	95,029	(1,795,546)	181,527
Inventories	476,496	--	90,111	--	566,607
Prepaid expenses and deferred charges	333,772	--	45,367	--	379,139
Current portion of contributions receivable	3,128,554	--	--	--	3,128,554
Total current assets	28,201,425	--	511,328	(1,795,546)	26,917,207
Non-current assets:					
Beneficial interest in net assets of Foundation	--	140,234,346	--	--	140,234,346
Payout due from Chautauqua Foundation	1,399,275	--	--	--	1,399,275
Investment in subsidiary and note receivable	4,189,164	--	--	(4,189,164)	--
Contributions receivable	5,500,750	--	--	--	5,500,750
Property and equipment, less accumulated depreciation	92,409,258	--	6,825,872	--	99,235,130
Other assets	--	--	24,000	--	24,000
Total non-current assets	103,498,447	140,234,346	6,849,872	(4,189,164)	246,393,501
Total assets	\$ 131,699,872	\$ 140,234,346	\$ 7,361,200	\$ (5,984,710)	\$ 273,310,708
Liabilities and Net Assets					
Current liabilities:					
Accounts payable and accrued expenses	\$ 3,226,053	\$ --	\$ 2,153,304	\$ (1,795,546)	\$ 3,583,811
Deferred income	258,696	--	--	--	258,696
Paycheck Protection Program loans	2,000,000	--	887,400	--	2,887,400
Current maturities of long-term debt	--	--	111,413	(59,584)	51,829
Total current liabilities	5,484,749	--	3,152,117	(1,855,130)	6,781,736
Long-term liabilities					
Long-term debt, less current maturities	--	--	98,840	(19,337)	79,503
Total long-term liabilities	--	--	98,840	(19,337)	79,503
Total liabilities	5,484,749	--	3,250,957	(1,874,467)	6,861,239
Net assets:					
Stockholder's equity	--	--	4,110,243	(4,110,243)	--
Without donor restriction	116,429,207	--	--	--	116,429,207
With donor restriction	9,785,916	140,234,346	--	--	150,020,262
Total net assets	126,215,123	140,234,346	4,110,243	(4,110,243)	266,449,469
	\$ 131,699,872	\$ 140,234,346	\$ 7,361,200	\$ (5,984,710)	\$ 273,310,708

See accompanying independent auditor's report.

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

Year ended December 31, 2021

	Beneficial interest in net assets				Total
	Chautauqua Institution	of Chautauqua Foundation	Chautauqua Hotel Company	Eliminations/ Reclassifications	
Revenues, gains and other support:					
Contributions	\$ 14,790,994	\$ --	\$ --	\$ --	\$ 14,790,994
Endowment direct support from Foundation	3,947,738	--	--	--	3,947,738
Government grants	8,000,000	--	--	--	8,000,000
Capital improvements service charge	773,545	--	--	--	773,545
Program support:					--
Gate, parking and waterfront	10,345,760	--	--	--	10,345,760
Performing and visual arts	1,262,468	--	--	--	1,262,468
Education and youth services	826,985	--	--	--	826,985
Recreation	1,873,794	--	--	--	1,873,794
Enterprise activities	2,319,792	--	--	--	2,319,792
Chautauqua Hotel Company, Inc.	(446,215)	--	4,560,572	446,215	4,560,572
Operation, administration and support	1,561,329	--	--	--	1,561,329
Miscellaneous income	352,117	--	--	--	352,117
Change in beneficial interest in net assets of Foundation	--	19,830,603	--	--	19,830,603
Investment income	6,120	--	--	--	6,120
Gain on forgiveness of PPP loans	2,723,900	--	638,142	--	3,362,042
Gain on sale of assets	66,900	--	--	--	66,900
Total revenues, gains and other support	48,405,227	19,830,603	5,198,714	446,215	73,880,759
Expenses:					
Performing and visual arts	8,096,463	--	--	--	8,096,463
Religion	609,305	--	--	--	609,305
Education and youth services	2,118,913	--	--	--	2,118,913
Recreation	1,531,087	--	--	--	1,531,087
Gate and parking	1,343,641	--	--	--	1,343,641
Enterprise activities	2,139,357	--	--	--	2,139,357
Chautauqua Hotel Company, Inc.	--	--	5,644,929	--	5,644,929
Operation, administration and support	13,540,253	--	--	--	13,540,253
Depreciation	4,730,013	--	--	--	4,730,013
Total expenses	34,109,032	--	5,644,929	--	39,753,961
Change in net assets	\$ 14,296,195	\$ 19,830,603	\$ (446,215)	\$ 446,215	\$ 34,126,798

See accompanying independent auditor's report.

CHAUTAUQUA INSTITUTION AND SUBSIDIARY
CONSOLIDATING STATEMENTS OF CASH FLOWS

Page 21

Year ended December 31, 2021

	Beneficial interest in net assets				Total
	Chautauqua Institution	of Chautauqua Foundation	Chautauqua Hotel Company	Eliminations/ Reclassifications	
Cash flows from operating activities:					
Change in net assets	\$ 14,296,195	\$ 19,830,603	\$ (446,215)	\$ 446,215	\$ 34,126,798
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:					
Depreciation and amortization	4,730,013	--	361,460	--	5,091,473
Gain on sale of assets	(66,900)	--	--	--	(66,900)
Change in beneficial interest in net assets of Foundation	--	(19,830,603)	--	--	(19,830,603)
Change in payout due from Foundation	(251,756)	--	--	--	(251,756)
Loss from subsidiary	446,215	--	--	(446,215)	--
Gain on forgiveness of PPP loan	(2,723,900)	--	(638,142)	--	(3,362,042)
Contributions restricted for capital needs	(1,494,529)	--	--	--	(1,494,529)
Change in operating assets and liabilities:					
Accounts receivable	(440,615)	--	(77,080)	499,868	(17,827)
Inventories	(50,592)	--	(39,578)	--	(90,170)
Prepaid expenses and deferred charges	310,557	--	(298)	--	310,259
Contributions receivable	(5,016,032)	--	--	--	(5,016,032)
Accounts payable and accrued expenses	536,866	--	452,197	(499,868)	489,195
Deferred income	(885,519)	--	--	--	(885,519)
Total adjustments	(4,906,192)	(19,830,603)	58,559	(446,215)	(25,124,451)
Net cash provided by (used in) operating activities	9,390,003	--	(387,656)	--	9,002,347
Cash flows from investing activities:					
Collection on note receivable	314,439	--	--	(314,439)	--
Capital expenditures	(2,461,722)	--	(339,698)	--	(2,801,420)
Net cash used in investing activities	(2,147,283)	--	(339,698)	(314,439)	(2,801,420)
Cash flows from financing activities:					
Proceeds from Paycheck Protection Program loans	2,000,000	--	887,400	--	2,887,400
Contribution (to) from related party	(300,000)	--	300,000	--	--
Proceeds from contributions restricted for capital needs	1,494,529	--	--	--	1,494,529
Principal payments on long-term debt	--	--	(366,841)	314,439	(52,402)
Net cash provided by financing activities	3,194,529	--	820,559	314,439	4,329,527
Net change in cash and cash equivalents	10,437,249	--	93,205	--	10,530,454
Cash and cash equivalents, beginning of year	11,943,310	--	187,616	--	12,130,926
Cash and cash equivalents, end of year	\$ 22,380,559	\$ --	\$ 280,821	\$ --	\$ 22,661,380

See accompanying independent auditor's report.

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

Page 22

Years ended December 31,	2021	2020
REVENUE:		
Total Earned Revenue Institution	\$ 18,190	\$ 3,514
Philanthropy (Non-Capital):		
Chautauqua Fund:		
Direct Philanthropy Fund	4,936	1,655
Unrestricted Philanthropy Fund	3,763	5,063
Restricted Projects	740	--
Total Chautauqua Fund	9,439	6,718
Chautauqua Foundation:		
Direct Philanthropy Foundation	2,446	2,206
Unrestricted Philanthropy Foundation	1,212	1,282
Total Chautauqua Foundation	3,658	3,488
Total Philanthropy (Non-Capital)	13,097	10,206
Total Earned Revenue Hotel	4,565	909
Miscellaneous Income	--	--
Miscellaneous and Investment Income	387	55
TOTAL REVENUE	36,239	14,684
DIRECT EXPENSE:		
Institution	29,377	19,567
Hotel	5,283	2,634
TOTAL DIRECT EXPENSE	34,660	22,201
GAIN (LOSS) FROM OPERATIONS:		
Institution	2,327	(5,792)
Hotel	(718)	(1,725)
TOTAL GAIN (LOSS) FROM OPERATIONS BEFORE DEPRECIATION AND GRANTS	1,609	(7,517)
Shutter Venue Operator Grant (SVOG)	8,000	--
Paycheck Protection Program	3,358	--
DEPRECIATION:		
Institution	(4,730)	(4,841)
Hotel	(361)	(364)
TOTAL OPERATING GAIN (LOSS) FROM OPERATIONS	7,876	(12,722)
CASH FLOW:		
Investing activities:		
Capital Philanthropy	1,532	5,019
Depreciation	5,091	5,205
Net proceeds from sale of assets	67	204
Collection on note receivable	--	238
Capital improvement service charge	774	438
Forgiveness Paycheck Protection Program	(3,358)	--
Net change in operating assets/liabilities	(1,485)	1,720
Capital spending:		
Operations funded - Institution	(1,473)	(2,310)
Capital Philanthropy	(184)	(513)
Endowment & one time gifts	(216)	(60)
Capital improvement service charge	(588)	(338)
Operations funded - Hotel	(340)	(157)
Financing:		
Proceeds from Paycheck Protection Program loans - net	2,887	3,358
Hotel Debt Principal Payment	(53)	(55)
CONSOLIDATED CHANGE IN CASH	10,530	27
CONSOLIDATED CASH, at beginning of year	12,131	12,104
CONSOLIDATED CASH, at end of year	\$ 22,661	\$ 12,131
Cash:		
Unrestricted - consolidated	20,555	9,406
Donor restricted	2,106	2,725
CONSOLIDATED CASH, at end of year	\$ 22,661	\$ 12,131

See accompanying independent auditor's report.

SPECIAL REPORT

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH "GOVERNMENT AUDITING STANDARDS"**

**Board of Trustees of
Chautauqua Institution
Chautauqua, New York**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of *Chautauqua Institution* (a nonprofit organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated April 20, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered *Chautauqua Institution's* internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Chautauqua Institution's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Chautauqua Institution's* internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Chautauqua Institution's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Jamestown, New York
April 20, 2022**