

**The Bronx Council
On the Arts, Incorporated**

Financial Report
June 30, 2023

Contents

Independent Auditor's Report	1-2
Financial statements	
Statements of Financial Position	3
Statements of Activities and Changes In Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	6
Notes To Financial Statements	7-14

Independent Auditor's Report

To the Board of Trustees
The Bronx Council on the Arts, Incorporated

Opinion

We have audited the financial statements of The Bronx Council on the Arts, Incorporated, (the "Organization") which comprise the statements of financial position as of June 30, 2023 and 2022, the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Organization 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.

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 the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or 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 opinion. 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 GAAS 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.

In performing an audit in accordance with GAAS, 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 the Organization'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 The Bronx Council on the Arts'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.

GMA & ASSOCIATES, LLC

Stamford, Connecticut
February 28, 2024

The Bronx Council on the Arts, Incorporated
Statements of Financial Position
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 1,221,857	\$ 856,437
Grants and other receivables (Note 3)	552,806	599,526
Other current assets	8,388	9,329
Total current assets	<u>1,783,051</u>	<u>1,465,292</u>
Building, furniture, and equipment, net (Note 5)	6,316,701	6,471,377
Finance lease right-of-use assets, net (Note 5 and 7)	24,467	32,401
	<u>6,341,168</u>	<u>6,503,778</u>
Total assets	<u>\$ 8,124,219</u>	<u>\$ 7,969,070</u>
Commitments and contingencies (Notes 7, 8, and 9)		
Current liabilities:		
Accounts payable and accrued expenses	\$ 180,999	\$ 149,501
Current maturities of finance lease liability (Note 7)	7,331	7,044
Loans payable, current portion (Note 6)	3,650	73,002
Total current liabilities	<u>191,979</u>	<u>229,547</u>
Noncurrent liabilities:		
Loans payable, less current portion (Note 6)	142,952	146,688
Finance lease liability, less current portion (Note 7)	22,434	29,764
	<u>165,386</u>	<u>176,452</u>
Total liabilities	<u>357,365</u>	<u>405,999</u>
Net assets:		
With donor restrictions (Note 4)	6,679,315	6,779,900
Without donor restrictions	1,087,538	783,171
Total net assets	<u>7,766,853</u>	<u>7,563,071</u>
Total liabilities and net assets	<u>\$ 8,124,219</u>	<u>\$ 7,969,070</u>

See notes to financial statements

The Bronx Council on the Arts, Incorporated
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenues, public support and other income:						
Government grants and contracts	\$ 1,858,939	\$ 35,750	\$ 1,894,689	\$ 1,871,482	\$ 91,156	\$ 1,962,638
Individual and corporate contributions	50,804	55,515	106,319	41,890	-	41,890
Foundation and trust grants	135,000	390,000	525,000	110,000	9,500	119,500
In-kind contribution - building improvements	38,241	-	38,241	-	136,318	136,318
Other program contributions:						
In-kind contributions	30,000	-	30,000	30,000	-	30,000
Miscellaneous	15,538	-	15,538	5,311	-	5,311
	<u>2,128,521</u>	<u>481,265</u>	<u>2,609,786</u>	<u>2,058,683</u>	<u>236,974</u>	<u>2,295,657</u>
Net assets released from restriction	581,850	(581,850)	-	489,385	(489,385)	-
Total revenues and public support, and other income	<u>2,710,371</u>	<u>(100,585)</u>	<u>2,609,786</u>	<u>2,548,068</u>	<u>(252,410)</u>	<u>2,295,657</u>
Expenses:						
Program expenses	1,976,528	-	1,976,528	1,737,292	-	1,737,292
Fundraising	149,441	-	149,441	96,084	-	96,084
General and administrative	280,036	-	280,036	245,600	-	245,600
Total expenses	<u>2,406,004</u>	<u>-</u>	<u>2,406,004</u>	<u>2,078,976</u>	<u>-</u>	<u>2,078,976</u>
Changes in net assets	304,367	(100,585)	203,782	469,091	(252,410)	216,681
Net assets - Beginning of year	<u>783,171</u>	<u>6,779,900</u>	<u>7,563,071</u>	<u>314,080</u>	<u>7,032,310</u>	<u>7,346,390</u>
Net assets - End of year	<u>\$ 1,087,538</u>	<u>\$ 6,679,315</u>	<u>\$ 7,766,853</u>	<u>\$ 783,171</u>	<u>\$ 6,779,900</u>	<u>\$ 7,563,071</u>

See notes to financial statements.

The Bronx Council on the Arts, Incorporated
Statement of Functional Expenses
Year Ended June 30, 2023 and 2022

	Program	Fundraising	General and Administrative	2023 Total	Program	Fundraising	General and Administrative	2022 Total
Expenses:								
Salaries and wages	329,171	63,150	45,819	438,140	295,175	35,165	31,460	361,800
Payroll taxes and fringe benefits	105,757	20,166	15,764	141,687	91,763	10,938	10,426	113,126
	<u>434,928</u>	<u>83,316</u>	<u>61,583</u>	<u>579,827</u>	<u>386,937</u>	<u>46,103</u>	<u>41,886</u>	<u>474,926</u>
Regrants	898,430	-	-	898,430	792,949	-	9,500	802,449
Fees & Honoraria	284,436	200	-	284,636	203,889	150	-	204,039
Consultants	83,260	17,385	157,287	257,932	74,172	22,977	144,468	241,617
Depreciation and amortization	154,949	23,618	22,284	200,851	173,379	18,600	17,019	208,997
Rent and utilities	49,032	2,713	2,530	54,275	47,342	1,915	1,752	51,009
Repairs and cleaning maintenance	24,095	3,497	3,204	30,796	20,101	2,299	2,496	24,896
Insurance	16,067	2,137	1,197	19,401	15,658	1,648	1,508	18,814
Fundraising expenses	-	14,067	-	14,067	-	-	-	-
Printing, publications, and publicity	4,221	-	9,603	13,824	1,545	-	4,382	5,927
Equipment rentals	5,306	31	17	5,353	340	666	608	1,615
Telephone	10,336	1,471	1,372	13,179	9,518	1,089	996	11,603
Miscellaneous expenses	-	-	7,629	7,629	-	-	550	550
Bank and merchant service charges	4,954	-	1,210	6,164	2,974	-	1,157	4,131
Conference and meeting	1,944	510	3,205	5,660	1,717	125	1,949	3,790
Supplies	3,543	332	310	4,185	6,122	492	448	7,062
Dues, fees, licenses and permits	77	-	3,037	3,113	26	9	6,050	6,085
Interest expense	-	-	5,485	5,485	-	-	10,471	10,471
Travel	383	153	71	608	278	-	307	584
Programming	358	-	-	358	345	-	-	345
Postage and delivery	210	11	11	232	-	11	54	65
Total expenses	<u>1,976,528</u>	<u>149,441</u>	<u>280,036</u>	<u>2,406,004</u>	<u>1,737,292</u>	<u>96,084</u>	<u>245,600</u>	<u>2,078,976</u>

See Notes to Financial Statements.

The Bronx Council on the Arts, Incorporated
Statements of Cash Flows
Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Changes in net assets	\$ 203,782	\$ 216,681
Adjustments to reconcile net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	200,851	208,997
Changes in assets and liabilities:		
Gain on extinguishment of debt	-	(164,834)
In-kind building improvement donation	(38,241)	(136,318)
Grants and other receivables	46,720	(81,626)
Other current assets	941	(2,066)
Other assets	-	-
Accounts payable and accrued expenses	31,498	(378,118)
Net cash provided by (used in) operating activities	445,551	(337,284)
Cash flows from investing activities:		
Payment for equipment	-	(39,675)
Cash flows from financing activities:		
Payments for loan payables	(320,768)	(265,087)
Proceed from loan	247,680	198,144
Proceed from issuance of finance lease	-	39,675
Repayment of finance lease liability	(7,044)	(6,397)
Net cash used in financing activities	(80,131)	(33,665)
Net increase (decrease) in cash	365,419	(410,624)
Cash:		
Beginning	856,437	1,267,062
Ending	\$ 1,221,857	\$ 856,437
Supplemental Disclosures of Cash Flow Information		
Cash payments for:		
Interest	\$ 13,824	\$ 5,927
In-kind building improvement donations	\$ 38,241	\$ 136,318
In-kind donation - rent expense	\$ 30,000	\$ 30,000

See Notes to Financial Statements.

The Bronx Council on the Arts, Incorporated
Notes to Financial Statements

Note 1. Organization and Purpose:

The Bronx Council on the Arts, Incorporated (the Organization) is a not-for-profit organization which was incorporated in 1962, under the laws of the state of New York. The Organization provides community arts grants and cultural services, arts education and exhibition programs, a writer's center, performances, public arts sponsorship, training and technical services, and acts as a fiscal conduit for qualified organizations engaged in cultural programming. The Organization is supported primarily by government contracts. The primary focus is to offer quality professional and comprehensive services for artists, and art organizations.

The Organization is a tax-exempt organization and, accordingly, is not subject to income tax in accordance with §501(c)(3) of the Internal Revenue Code (the "Code"). Contributions to the Organization are tax deductible to contributors as provided by law. The Organization has been classified as an organization that is not a private foundation and has been designated as a "publicly supported" organization under the applicable sections of the Code. Income, which is not related to exempt purposes, less applicable deductions, is subject to federal and state income taxes. The Organization had no unrelated business income for the years ended June 30, 2023 and 2022.

Note 2. Nature of Activities and Significant Accounting Policies

A summary of the Organization's significant accounting policies follows:

Basis of Accounting presentation:

The financial statements of the Organization have been prepared in the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP), with guidance as issued by the Financial Accounting Standards Board (FASB) relating to financial statements of nonprofit organizations. As such, the financial statements are presented on the basis of the net assets of the Organization are reported as follows:

Descriptions of the classes of net assets of the Organization are reported as follows:

- **With Donor Restrictions:** This class consist of net asset resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization's, pursuant to those stipulations. When such stipulations end or are fulfilled, such donor-restricted net assets are reclassified to net assets without donor restrictions and reported in the statement of activities. Net assets resulting from contributions and other inflows of assets whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise be removed by actions of the Organization are classified as net assets with donor restrictions – perpetual in nature.
- **Without Donor Restrictions:** Net assets without donor restrictions are available for support of the Organization's operations and are not subject to donor-imposed restrictions. Revenue is reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions and the restrictions are met in the current fiscal year. Expenses are reported as decreases in net assets without donor restrictions.

The Bronx Council on the Arts, Inc
Notes to Financial Statements

Note 2. Nature of Activities and Significant Accounting Policies (Continued)

Estimates:

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Revenue and Revenue Recognition:

Revenues from government agencies are recognized when earned. Expenses-based grants are recognized as allowable expenses are incurred. Payments of government grants that are received before the terms of the grants are satisfied are recorded as deferred income in the statements of financial position to reflect the conditional nature of the revenue recorded.

In-Kind Donations:

In-kind donations of property, equipment, rent, supplies and other goods and services are recorded at their estimated fair value on the date of donation. These donations are reported as contributions without donor restrictions unless the donor has restricted the donated gifts for a specific purpose or period of time. Assets, goods, and services donated with explicit restrictions regarding their use are reported as support with donor restrictions and reclassified to net assets without donor restrictions when used or placed in service.

In Fiscal 2023 and 2022, the City of New York spent/contributed \$38,241 and \$136,318 respectively (Note 5), relating to the project named "Bronx Council on the Arts – Renovation of Facility". The City's investment of finance funding obligated the recipient organization, Bronx Council on the Arts, to operate the facility and/or maintain equipment for the respective bonding term as a non-profit entity, open to and used and maintained for the benefit of the people of the City of New York for cultural, educational or artistic uses and/or related purposes approved by the City.

The Organization also benefited from an in-kind donations of rent expense, month-to-month (Note 9) of \$30,000 for the years ended June 30, 2023 and 2022. The Organization also benefited from in-kind donations of building improvements (Note 5) of \$38,241 and \$136,318 for the years ended June 30, 2023 and 20212 respectively.

The classification of the Organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for the two classes of net assets (Net Assets Without Donor Restrictions and Net Assets with Donor Restrictions) be reported in the statements of financial position. When a donor's restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, donor restricted net assets are then reclassified to net assets without donor restriction and reported in the statement of activities as part of public support.

The Organization recognizes contribution revenue for donated goods and services at their fair values, with a corresponding expense categorized as supporting services.

Functional allocation of expenses:

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, direct costs have been allocated among the various program and supporting-service categories based on the nature of the expense as determined by management. Indirect costs have been allocated on the basis of utilization.

The Bronx Council on the Arts, Inc
Notes to Financial Statements

Note 2. Nature of Activities and Significant Accounting Policies (Continued)

Cash:

The Organization considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Organization maintains its cash in bank deposits, which, at times, may exceed federally insured limits.

Building, furniture and equipment:

The Organization records building, furniture and equipment at cost at the date of purchase, or if donated, at fair value at the date of donation. The Organization's fixed asset financialization policy is set at 1,000; otherwise, any fixed asset purchased below the capitalization policy is expensed in the period cost is incurred. Depreciation is computed and charged to operations using the straight-line method over the estimated useful life of 3-39 years. Expenditures for maintenance and repairs are charged to operations as incurred. Expenditures for betterments and major renewals are capitalized. The cost of assets sold or retired, and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal.

Long-lived assets and impairments:

The Organization follows the principles contained in Financial Accounting Standards Board's (the "FASB") Accounting Standards Codification ("ASC") Topic 360, *Accounting for the Impairment and Disposal of Long-Lived Assets*, which requires that long-lived assets to be held and used be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If such review indicates that the carrying amount of an asset exceeds the sum of its expected future cash flows, on an undiscounted basis, the asset's carrying amount should be written down to fair value. Additionally, ASC 360 requires that long-lived assets to be disposed of be reported at the lower of carrying amount or fair value less cost to sell. Management believes that the carrying costs of the leasehold improvements were not impaired at June 30, 2023 or in 2022.

Income taxes:

The Organization is subject to the provisions of FASB ASC Topic 740, Income Taxes, relating to accounting and reporting for uncertainty in income taxes. Because of Organization's general tax-exempt status, ASC Topic 740 has not had, and is not expected to have, a material impact on its financial statements.

The Organization may recognize the tax benefit from an uncertain tax position only if it is more-likely-than-not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position are measured based on the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement. Based on management's evaluation of its tax positions at June 30, 2022 and 2021, the Organization had no liabilities for uncertain tax positions.

Leases:

Effective July 1, 2022, the Organization followed the lease accounting guidance in FASB ASC Topic 842. The Organization determines if an arrangement is a lease at inception of the contract. Under Topic 842, a lease is a contract or part of a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration. The Organization's contract determined to be or contains a lease include explicitly or implicitly identified asset where the Organization has the right to obtain substantially all of the economic benefits of the asset and has the ability to direct how and for what purpose the asset is used during the lease term.

Leases are included in right-of-use ("ROU") assets and lease liabilities in the statement of financial position. ROU assets and liabilities reflect the present value of future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The

The Bronx Council on the Arts, Inc
Notes to Financial Statements

Note 2. Nature of Activities and Significant Accounting Policies (Continued)

Organization does not report ROU assets or lease liabilities for short term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. The Organization determines if an arrangement has an embedded lease at lease inception. Lease terms may include options to extend or terminate the lease when it is reasonably certain the Organization will exercise that option.

Reclassifications: Certain fiscal year 2022 balances have been reclassified to conform to the current year presentation, without any effect on previously reported total net assets or total change in net assets.

Recent Accounting Pronouncements:

Effective as of July 1, 2022, the Organization adopted FASB’s Accounting Standards Update (“ASU”) 2016-02, Leases (Topic 842). The Organization’s adoption resulted in recognizing ROU assets and lease liabilities in its statement of financial position at July 1, 2022. The Organization elected not to restate the summarized comparative financial information for 2022. It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. Application of the new standards for Finance leases for equipment, formerly known as capital leases, had a minor impact on assets, liabilities and lease costs, and the asset continues to be reported in Property and equipment, net, and the related liabilities in Accounts payable and accrued expenses.

Note 3. Grants and other receivables

Grants and other receivables consist of the following:

	<u>2023</u>	<u>2022</u>
New York Department of Cultural Affairs	\$ 266,440	\$ 224,290
Altman Foundation	60,000	-
Booth Ferris Foundation	75,000	-
NYS Division of Criminal Justice Services	34,167	20,000
Lily Auchincloss Foundation	20,000	-
Howard Gilman Foundation	-	250,000
National Endowment for the Arts	95,000	65,000
Mid Atlantic Arts	-	9,500
Hispanic Federation	-	25,640
Other	2,199	5,096
	<u>\$ 552,806</u>	<u>\$ 599,526</u>

Note 4. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of the land, building and building improvements (net book value), in the amount of \$6,228,565 and \$6,370,072 as of June 30, 2023 and 2022, respectively (Note 5), and program activities in the amount of \$450,750 and \$409,828, for the years ended June 30, 2023 and 2022, respectively.

The Bronx Council on the Arts, Inc
Notes to Financial Statements

Note 5. Building, furniture and equipment

The building serves as the Organization's permanent headquarters and programs location. The Organization's building, furniture and equipment as of June 30, 2023 and 2022 were as follow:

	<u>2023</u>	<u>2022</u>
Land and building	\$ 7,120,943	\$ 7,082,702
Web-site	35,000	35,000
Furniture and equipments	142,674	142,674
Finance lease right-of-use asset equipment. net	39,676	39,676
	<u>7,338,293</u>	<u>7,300,052</u>
Less accumulated depreciation	(997,126)	(796,275)
	<u>\$ 6,341,168</u>	<u>\$ 6,503,778</u>

Note 6. Line of Credit and Term Loans

The Organization established a line of credit (the "loan") with Sterling Bank that is secured by the assets of the Organization. The loan allows the Organization to borrow up to \$150,000; at prime rate plus 1.5% (9.75%) at June 30, 2023. The loan matures on August 1, 2025. The Organization borrowed \$0 against the loan for the years ended June 30, 2023 and 2022.

In February 2022, the Organization received a cash flow loan in the amount of \$198,144, that was subject to a service charge of one and one-half percent of the principal loan and was withheld when the loan was made. The loan matured and was repaid in full as of June 30, 2022.

In February 2023, the Organization received a cash flow loan in the amount of \$247,680, that was subject to a service fee charge of two percent of the principal loan and was withheld when the loan was made. The loan matured and was repaid in full as of March 2023.

The Bronx Council on the Arts, Inc
Notes to Financial Statements

Note 6. Line of Credit and Term Loans (Continued):

Long-term debt and the collateral pledged thereon consisted of the following as of June 30:

	2023	2022
In May 2020, the Organization entered into a promissory note with Nonprofit Finance Fund, and subsequently amended the agreement on October 18, 2021, at an implied interest rate of 1.052% per annum, payable in two equal installment payments of \$70,000 on each of the following dates: May 9, 2022 and May 9, 2023 (including interest and principal). The note is secured by the assets of the Organization	\$ -	\$ 69,548
In June 2020, the Organization entered into a 30 years promissory note with the Small Business Administration, for equal monthly installment payments of \$641, (including interest and principal), at 2.75% per annum, maturing in fiscal year May 2049. The note is secured by the assets of the Organization	146,602	150,142
	146,602	219,690
Less: current maturities	(3,650)	(73,002)
	\$ 142,952	\$ 146,688

Future maturities of long-term debt at June 30, 2023 are due in future years as follows:

Year Ended June 30,	
2024	\$ 3,650
2025	3,754
2026	3,860
2027	3,969
Thereafter	131,369
	\$ 146,602

Note 7. Finance Lease Liability

During 2021, The Organization leased a copier equipment under a finance lease. The finance lease obligation was payable in sixty-three equal monthly installments of \$595, which includes principal and interest expense, through December 2021, at an interest rate imputed at 3%. In February 2022, the finance lease was renewed, payable in sixty-three equal monthly installments of \$699, which includes principal and interest expense, through April 2027, at an interest rate imputed at 4%. The net book value of the asset under the right to use was \$24,467 and \$32,401 at June 30, 2023 and 2022, respectively.

The Bronx Council on the Arts, Inc
Notes to Financial Statements

Note 7. Finance Lease Obligation (Continued):

Future maturities of finance lease obligations at June 30, 2023 are due in future years as follows:

	<u>2023</u>
2024	\$ 8,388
2025	8,388
2026	8,388
2027	<u>6,990</u>
Total minimum lease payments	<u>32,154</u>
Less amounts representing interest	<u>(2,390)</u>
Present value of minimum finance lease payments	<u>29,764</u>
Less current portion	<u>(7,331)</u>
Lease liability, net of current portion	<u>\$ 22,434</u>

Note 8. Office Leases

The Organization is granted an in-kind donation for rent use, month-to-month, of the Longwood Art Gallery and building space, located in Bronx, New York valued at approximately \$30,000, for both years ending June 30, 2023 and 2022.

Note 9. Contingency and Commitments

The Organization receives funds from federal, state, and local governments in the form of grants. Entitlement to the resources is conditional upon compliance with the terms and conditions of the grant agreement and applicable regulations. Substantially, all grants are subject to the financial and compliance audit by the grantors. Management believes a liability, if any, resulting from any financial and compliance audits would not have a material adverse effect on the Organization's financial statements.

Note 10. Information Regarding Liquidity and Availability of Resources

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing activities, as well as the conduct of services undertaken to support those activities, to be general expenditures.

The Bronx Council on the Arts, Inc
Notes to Financial Statements

Note 10. Information Regarding Liquidity and Availability of Resources (Continued)

The Organization's financial assets as of June 30, 2023 and 2022 consist of cash, all of which are available to meet general expenditures within one year of the financial statement date.

Financial assets, at year end:	<u>2023</u>	<u>2022</u>
Cash	\$ 1,221,857	\$ 856,437
Grants and other receivables (Note 3)	552,806	599,526
Other assts	<u>8,388</u>	<u>9,329</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,783,051</u>	<u>\$ 1,465,292</u>

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

Note 11. Pension Plans

The Organization participates in the employee Cultural Institutions Retirement System ("CIRS"), which covers all eligible employees. CIRS is a multi-employer plan administered by the City of New York, and its actuarial present value of vested and non-vested accumulated plan benefits and net assets available for plan benefits are determinable on an individual institution basis. CIRS sponsors its employee benefit plans: 401(k) Savings Plan, Defined Benefit Pension Plan, and a Group Life Insurance Plan. The Organization makes contributions to the 401(k) Saving Plan on behalf of all eligible employees. The Organization has suspended matching contribution to the plan since 2006. Pension costs incurred as of June 30, 2023 and 2022 were \$52,675 and \$36,093, respectively.

Note 12. Subsequent Events

Subsequent events have been evaluated through February 28, 2024, the date the financial statements were available to be issued.