

**CHENANGO COUNTY
COUNCIL OF THE ARTS, INC.**

FINANCIAL STATEMENTS

June 30, 2024

THE CHENANGO COUNTY COUNCIL OF THE ARTS, INC.

TABLE OF CONTENTS

Independent Accountant’s Review Report	1
Statement of Financial Position At June 30, 2024 and 2023	3
Statement of Activities For the year ended June 30, 2024	4
Statement of Activities For the year ended June 30, 2023	5
Statement of Cash Flows For the years ended June 30, 2024 and 2023	7
Statement of Functional Expenses For the year ended June 30, 2024	8 - 9
Statement of Functional Expenses For the year ended June 30, 2023	10 - 11
Notes to the Financial Statements	12 – 22



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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Chenango County Council of the Arts, Inc
Norwich, New York

We have reviewed the accompanying financial statements of Chenango County Council of the Arts, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Change in Accounting Principle

As discussed in note 1 to the financial statements, the Organization adopted ASC 842 Leases.

Management's Responsibility for the Financial Statements

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

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Other Matter

The financial statements of Chenango County Council of the Arts, Inc. for the year ended June 30, 2023 were reviewed by another firm of accountants whose report dated May 10, 2024, expressed an unmodified conclusion on those statements.

Farrow & Locke CPA Associates, PLLC

Farrow & Locke CPA Associates, PLLC

Norwich, New York

February 13, 2025

Chenango County Council of the Arts, Inc.

STATEMENT OF FINANCIAL POSITION

At June 30,	2024	2023
ASSETS		
CURRENT ASSETS		
Cash	\$ 21,194	\$ 34,619
Promises to Give	20,008	20,008
Total Current Assets	41,202	54,627
NON-CURRENT ASSETS		
Investments	401,482	387,361
Promises to Give	197,305	199,765
Perpetual Trust Held by Third Party	518,489	502,646
Operating Lease ROU asset - Net of Amortization	220,877	-
Total Non-Current Assets	1,338,153	1,089,772
FIXED ASSETS		
Office Equipment	74,181	74,181
Auditorium Equipment	123,123	60,783
Auditorium Improvements	507,831	507,831
Accumulated Depreciation	(510,779)	(490,373)
Total Net Fixed Assets	194,356	152,422
Total Assets	1,573,711	1,296,821
LIABILITIES		
CURRENT LIABILITIES		
Accounts Payable	-	2,858
Accrued Liabilities	2,926	2,795
Operating Lease Liability - Current Portion	5,175	-
Note Payable - Current Portion	62,340	-
Line of Credit	-	20,000
Total Current Liabilities	70,441	25,653
NON-CURRENT LIABILITIES		
Operating Lease Liability - Non-Current Portion	215,702	-
Total Non-Current Liabilities	215,702	-
Total Liabilities	286,143	25,653
NET ASSETS		
Without Donor Restrictions:		
Undesignated	133,831	143,272
Board Designated Net Assets	410,885	396,427
With Donor Restrictions	742,852	731,469
Total Net Assets	1,287,568	1,271,168
Total Liabilities and Net Assets	\$ 1,573,711	\$ 1,296,821

See independent accountant's review report and accompanying notes

Chenango County Council of the Arts, Inc.

STATEMENT OF ACTIVITIES

For the year ended June 30,	Without Donor Restrictions	With Donor Restrictions	2024	2023
REVENUES, GAINS AND OTHER SUPPORT				
Contributions	\$ 59,368	\$ 5,000	\$ 64,368	\$ 57,290
Grants	16,000	-	16,000	15,015
Community Foundations	38,000	-	38,000	4,500
Program Workshop Fees	6,450	-	6,450	3,130
Admissions	9,816	-	9,816	11,481
Memberships	5,735	-	5,735	1,620
Rental Income	18,946	-	18,946	15,647
Special Event Revenue	12,854	-	12,854	35,668
Investment Return	62,522	15,843	78,365	60,040
Net Assets Released from Donor Restrictions	9,460	(9,460)	-	-
Total revenues, gains, and other support	239,151	11,383	250,534	204,391
FUNCTIONAL EXPENSES				
PROGRAM SERVICES				
Decentralization Program	-	-	-	22,163
Visual Arts	33,617	-	33,617	28,259
Performances	79,700	-	79,700	59,429
Arts in Educaiton	28,348	-	28,348	20,289
Total program services	141,665	-	141,665	130,140
SUPPORTING SERVICES				
Management & General	83,314	-	83,314	56,255
Fundraising	9,154	-	9,154	13,976
Total Functional Expenses	234,134	-	234,134	200,371
Increase (Decrease) in Net Assets	5,017	11,383	16,400	4,020
Net Assets - Beginning of the Year	539,699	731,469	1,271,168	1,267,148
Net Assets - End of the Year	\$ 544,716	\$ 742,852	\$ 1,287,568	\$ 1,271,168

See independent accountant's review report and accompanying notes

Chenango County Council of the Arts, Inc.

STATEMENT OF ACTIVITIES (PRIOR YEAR)

For the year ended June 30,	Without Donor Restrictions	With Donor Restrictions	2023
REVENUES, GAINS AND OTHER SUPPORT			
Contributions	\$ 53,290	\$ 4,000	\$ 57,290
Grants	15,015	-	15,015
Community Foundations	4,500	-	4,500
Program Workshop Fees	3,130	-	3,130
Admissions	11,481	-	11,481
Memberships	1,620	-	1,620
Rental Income	15,647	-	15,647
Special Event Revenue	35,668	-	35,668
Investment Return	45,981	14,059	60,040
Net Assets Released from Donor Restrictions	2,271	(2,271)	-
Total revenues, gains, and other support	188,603	15,788	204,391
FUNCTIONAL EXPENSES			
PROGRAM SERVICES			
Decentralization Program	22,163	-	22,163
Visual Arts	28,259	-	28,259
Performances	59,429	-	59,429
Arts in Educaiton	20,289	-	20,289
Total program services	130,140	-	130,140
SUPPORTING SERVICES			
Management & General	56,255	-	56,255
Fundraising	13,976	-	13,976
Total Functional Expenses	200,371	-	200,371
Increase (Decrease) in Net Assets	(11,768)	15,788	4,020
Net Assets - Beginning of the Year	551,467	715,681	1,267,148
Net Assets - End of the year	\$ 539,699	\$ 731,469	\$ 1,271,168

See independent accountant's review report and accompanying notes

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Chenango County Council of the Arts, Inc.

STATEMENT OF CASH FLOWS

For the year ended June 30,	2024	2023
OPERATING ACTIVITIES		
Change in Net Assets	\$ 16,400	\$ 4,020
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (used) by Operating Activities:		
Depreciation	20,406	11,789
Net (Gain) Loss on Long-Term Investments	(23,215)	(14,718)
Net (Gain) on Perpetual Trust Held by Third Party	(15,843)	(14,059)
Promises to Give	2,460	2,271
Changes in Assets and Liabilities		
Accounts Payable	(2,858)	77
Accrued Expenses	131	338
CASH FROM (USED FOR) OPERATING ACTIVITIES	(2,519)	(10,282)
INVESTING ACTIVITIES		
Proceeds from Sales of Investments	79,358	43,604
Purchases of Investments	(70,264)	(34,928)
Fixed Asset Purchases	(62,340)	-
CASH FROM (USED FOR) INVESTING ACTIVITIES	(53,246)	8,676
FINANCING ACTIVITIES		
Increase (Decrease) in Line of Credit	(20,000)	20,000
Increase (Decrease) in Note Payable	62,340	-
CASH FROM (USED FOR) FINANCING ACTIVITIES	42,340	20,000
INCREASE (DECREASE) IN CASH DURING THE YEAR	(13,425)	18,394
Cash at the Beginning of the Year	34,619	16,225
Cash at the End of the Year	\$ 21,194	\$ 34,619
SUPPLEMENTAL CASH FLOW DISCLOSURES		
Interest paid	\$ 4,472	\$ -
SUPPLEMENTAL NON-CASH INVESTING ACTIVITIES		
Lease Assets Obtained in Exchange for Lease Liabilities - Operating leases	\$ 225,859	\$ -
Cash Paid for Amounts Included in Measurement of Lease Liability - Operating Leases Principal	\$ 4,982	\$ -

See independent accountant's review report and accompanying notes

Chenango County Council of the Arts, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2024	PROGRAM SERVICES			
	Visual Arts	Performances	Arts In Education	Total Program Services
Grants and scholarships to individuals	\$ -	\$ -	\$ 7,025	\$ 7,025
Artistic Fees and Outside Services	-	29,584	-	29,584
Professional fees	-	-	-	-
Lease Expense	7,273	8,658	4,849	20,780
Marketing and Advertising	-	-	-	-
Fundraising	-	-	-	-
Printing	-	-	-	-
Dues and Subscriptions	-	-	-	-
Other Operating Expenses	3,143	3,742	2,095	8,980
Insurance Expense	932	1,109	621	2,662
Office Expense	28	34	19	81
Postage	142	169	95	406
Telephone	579	689	386	1,653
Utilities	2,797	3,329	1,864	7,990
Interest Expense	-	-	-	-
Payroll	14,582	17,360	9,721	41,663
Payroll Taxes	1,361	1,621	907	3,889
Employee Benefits	1,148	1,367	766	3,281
Depreciation	1,632	12,040	-	13,672
Total	\$ 33,617	\$ 79,700	\$ 28,348	\$ 141,665

See independent accountant's review report and accompanying notes

Chenango County Council of the Arts, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

SUPPORTING SERVICES				
Management & General	Fundraising	Total Supporting Services	2024	2023
\$ -	\$ -	\$ -	\$ 7,025	\$ 2,000
-	-	-	29,584	19,414
13,692	-	13,692	13,692	7,070
11,775	2,078	13,853	34,633	32,383
5,250	-	5,250	5,250	2,896
-	16	16	16	6,355
-	-	-	-	200
1,382	-	1,382	1,382	1,331
5,089	898	5,987	14,967	10,006
1,508	266	1,774	4,436	3,968
46	8	54	135	-
230	41	270	676	888
937	165	1,102	2,755	2,718
4,528	799	5,327	13,317	13,741
4,472	-	4,472	4,472	-
23,609	4,166	27,775	69,438	66,325
2,204	389	2,593	6,482	6,609
1,859	328	2,187	5,468	12,678
6,734	-	6,734	20,406	11,789
\$ 83,314	\$ 9,154	\$ 92,469	\$ 234,134	\$ 200,371

Chenango County Council of the Arts, Inc.

STATEMENT OF FUNCTIONAL EXPENSES (PRIOR YEAR)

For the year ended June 30, 2023	PROGRAM SERVICES				Total Program Services
	Decentralization Program	Visual Arts	Performances	Arts In Education	
Grants to Other Organizations	-	-	-	2,000	2,000
Artistic Fees and Outside Services	-	-	19,414	-	19,414
Professional fees	-	-	-	-	-
Lease Expense	4,534	5,829	7,124	3,886	21,373
Marketing and Advertising	405	521	637	348	1,911
Fundraising	-	-	-	-	-
Printing	28	36	44	24	132
Dues and Subscriptions	-	-	-	-	-
Other Operating Expenses	1,401	1,801	2,201	1,201	6,604
Insurance Expense	556	714	873	476	2,619
Postage	124	160	195	107	586
Telephone	381	489	598	326	1,794
Utilities	1,924	2,473	3,023	1,649	9,069
Payroll	9,286	11,939	14,592	7,959	43,775
Payroll Taxes	925	1,190	1,454	793	4,362
Employee Benefits	1,775	2,282	2,789	1,521	8,367
Depreciation	825	825	6,484	-	8,134
Total	\$ 22,163	\$ 28,259	\$ 59,429	\$ 20,289	\$ 130,140

See independent accountant's review report and accompanying notes

Chenango County Council of the Arts, Inc.

STATEMENT OF FUNCTIONAL EXPENSES (PRIOR YEAR)

SUPPORTING SERVICES			
Management & General	Fundraising	Total Supporting Services	2023
-	-	-	2,000
-	-	-	19,414
7,070	-	7,070	7,070
9,391	1,619	11,010	32,383
840	145	985	2,896
-	6,355	6,355	6,355
58	10	68	200
1,331	-	1,331	1,331
2,902	500	3,402	10,006
1,151	198	1,349	3,968
258	44	302	888
788	136	924	2,718
3,985	687	4,672	13,741
19,234	3,316	22,551	66,325
1,917	330	2,247	6,609
3,677	634	4,311	12,678
3,655	-	3,655	11,789
\$ 56,255	\$ 13,976	\$ 70,231	\$ 200,371

Chenango County Council of the Arts, Inc.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Chenango County Council of the Arts, Inc. (the Organization) is a not-for-profit corporation whose purpose is to support and encourage participation in and appreciation for the arts and humanities in Chenango County. The Organization is governed by a Board of Directors and employs a professional staff to conduct its daily activities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting - The Organization utilizes the accrual basis of accounting for financial reporting purposes. Under this method, revenue is recognized as earned and expenses are recorded when incurred.

Financial Statement Presentation - The Organization is required to report information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions. In addition, the Organization is required to present a statement of cash flows.

Net Assets Without Donor Restrictions - Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions - Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the organization must continue to use the resources in accordance with the donor's instructions.

Net Assets Released from Restriction - The Organization reports gifts of cash and other assets as an increase in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose is accomplished, restricted assets are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. In addition, if contributions are received in the same year when restrictions lapse, the Organization records the contributions as net assets without donor restrictions.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional Expense Allocation - Directly identifiable expenses are charged to program and supporting services. Expenses related to more than one function are charged to program and supporting services on the basis of estimates of cost to run the program. Management and general expenses include those expenses that are not directly identifiable with any specific function but provide for the overall support and direction of the organization.

Cash and Cash Equivalents - The Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Chenango County Council of the Arts, Inc.

NOTES TO THE FINANCIAL STATEMENTS

Grants and Contributions - Grants receivable represents the balance of the grant which has not been received. Contributions receivable represent the balance of contributions which have not been received but the Organization has received notification of an unconditional promise. The Organization accounts for grants and contributions receivables under the accrual method of accounting.

Grants and contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Grants and contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions or grants are recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions. When the restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

The Organization provides an allowance for uncollectible accounts based on management's estimates for financial statement purposes. This estimate is based on historical losses. Past due status is based on how recently payments have been received. When receivables are determined by management to be uncollectible, they are written off through the allowance account. The allowance for uncollectible accounts is based on the evaluation of outstanding receivables at the end of the year. Management has determined no allowance as of June 30, 2024 and 2023 was necessary.

Risk and Uncertainties - Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level of risk associated with certain investment securities and the level of uncertainties related to changes in the fair value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the net assets of the Organization. Market conditions can have a significant impact on the Organization's investments. Any changes in market conditions since June 30, 2024 could impact the Organization's investments and has not been recorded or considered by management.

Investments - The Organization reports its investments in equity securities and debt securities at fair value. Gains and losses on investments are reported in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law.

Perpetual Trusts Held by Third Party - Perpetual trusts held by third parties are recorded as contributions in the year when the Organization is notified of the trust's existence in net assets with donor restrictions. The Organization estimates the fair value of these trusts by the fair value of the assets held by the trust as of the end of each fiscal year. Net assets with donor restrictions in relation to perpetual trusts as of June 30, 2024 and 2023 were \$518,489 and \$502,646, respectively.

Fixed Assets - Purchased fixed assets are recorded at cost and donated items are recorded at fair market value. The Organization capitalizes all expenditures for equipment and improvements over \$2,500. Depreciation is calculated using the straight-line method over the estimated useful lives of the property. Depreciation expense recognized was \$20,406 and \$11,789 for the years ended June 30, 2024 and 2023, respectively. The New York State Office of Parks, Recreation and Historic Preservation retain reversionary interest in the fixed assets purchased with grant funds.

Chenango County Council of the Arts, Inc.

NOTES TO THE FINANCIAL STATEMENTS

Property and equipment consisted of the following at June 30:

	<u>2024</u>	<u>2023</u>
Office Equipment	\$ 74,181	\$ 74,181
Auditorium Equipment	123,123	60,783
Auditorium Improvements	507,831	507,831
	<u>\$ 705,135</u>	<u>\$ 642,795</u>
Less: Accumulated Depreciation	(510,779)	(490,373)
	<u>\$ 194,356</u>	<u>\$ 152,422</u>

Deferred Revenue - Deferred revenue represents cash received from ticket sales for performances or registrations for classes occurring in the following fiscal year. As of June 30, 2024 and 2023, no deferred revenue was recognized.

Donated Services and Materials - Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization. Many volunteers donate time to the Organization throughout the year which is not recognized as contributions in the financial statements since the recognition criteria is not met.

Rental Income - Rental income represent cash received from the rental of the auditorium or other space to various organizations on an as needed basis.

Advertising - The Organization expenses advertising expenses as incurred. Advertising expense for the years ended June 30, 2024 and 2023 was \$5,250 and \$2,896, respectively.

Presentation of Sales Taxes -The State of New York imposes a sales tax of 4% and the counties can impose their own rate on all of the Organization's sales to nonexempt customers. The Organization collects sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from revenues and expenses.

Income Taxes - The Organization is exempt from federal and state income taxes on income generated from activities related to its exempt purpose and federal unemployment insurance under Section 501(c)(3) of the Internal Revenue Code.

The Organization has not recognized any interest or penalties related to unrecognized tax benefits in the statement of activities nor has it accrued any in the statement of financial position as of June 30, 2024 and 2023.

Change in Accounting Principle – As of June 30, 2024, the Organization adopted ASC 842 Leases. ASC 842 establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and a lease liability on the statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with a classification affecting the pattern of expense recognition in the statement of activities. The Organization elected to apply this standard on a modified retrospective transition approach for capital and operating leases existing at, or entered into after, with certain practical expedients available. Entities have the option to continue to apply historical accounting under Topic 840, including its disclosure requirements, in comparative periods presented in the year of adoption. The adoption had a material impact on the Organization's statements of financial position but did not have a material impact on the statements of activities. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases. The accounting for finance leases remained substantially

Chenango County Council of the Arts, Inc.

NOTES TO THE FINANCIAL STATEMENTS

unchanged. Adoption of the standard required the Organization to restate amounts as of July 1, 2023, resulting in an increase in operating lease ROU assets and operating lease liabilities of \$225,859.

NOTE 2 - CASH BALANCES IN EXCESS OF FEDERALLY INSURED LIMITS

As of June 30, 2024, the Organization maintained \$9,403 in money market mutual funds that are not insured by Federal Deposit Insurance. The Organization has not experienced any losses in these accounts.

NOTE 3 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2024 and 2023 are:

	<u>2024</u>	<u>2023</u>
Financial Assets:		
Cash and cash equivalents	\$ 21,194	\$ 34,619
Promises to give	217,313	219,773
Investment in marketable securities	401,482	387,361
Total financial assets	<u>639,989</u>	<u>641,753</u>
Less amounts not available to be used within one year:		
Promises to give, long-term	(197,305)	(199,765)
Grant and Contribution Revenue - Subsequent Year's Scholarships	(7,050)	(9,050)
Board-designated endowment	(410,885)	(396,427)
Total amounts not available to be used within one year	<u>(615,240)</u>	<u>(605,242)</u>
Amount available for general expenditures within one year	<u>\$ 24,749</u>	<u>\$ 36,511</u>

In addition to the financial assets and other resources available for general expenditure within one year, the Organization has board-designated net assets without donor restrictions of \$410,885 that, while the Organization does not intend to spend these for purposes other than those identified, the amounts could be made available for current operations, with Board approval, if necessary.

NOTE 4 - PROMISES TO GIVE

The Organization leases an auditorium at an annual rental of \$1, which is below the fair rental value of the auditorium. Therefore, the landlord made a contribution to the Organization when the lease was signed. The fair rental value has been estimated to be approximately \$3 per square foot as determined by an appraisal conducted prior to the commencement of the lease. The unconditional promise to give as of June 30, 2024 and 2023 represents the present value of the fair market value of this leased facility.

Chenango County Council of the Arts, Inc.

NOTES TO THE FINANCIAL STATEMENTS

	<u>2024</u>	<u>2023</u>
Receivable in Less Than One Year	\$ 20,008	\$ 20,008
Receivable in One to Five Years	100,040	100,040
Receivable in More Than Five Years	413,491	433,499
Promised to Give Non - Current	513,531	533,539
Less: Discounts to Net Present Value	<u>(316,226)</u>	<u>(333,774)</u>
Net Unconditional Promise to Give Non Current	197,305	199,765
Total Net Unconditional Promise to Give	<u>\$ 217,313</u>	<u>\$ 219,773</u>

The promise to give in more than one year is discounted at 8%.

NOTE 5 - INVESTMENTS AND INVESTMENT RETURN

Investments in equity securities are reported at fair value. Investments consisted of the following at June 30:

	<u>2024</u>		<u>2023</u>	
	Cost	Market	Cost	Market
Fixed Income Securities				
Mutual funds - Bonds	\$ 191,958	\$ 179,982	\$ 190,404	\$ 172,585
Equities				
Mutual Funds - Stocks	133,112	188,616	143,557	183,346
Real Assets	29,902	32,884	28,837	31,430
Total	<u>\$ 354,972</u>	<u>\$ 401,482</u>	<u>\$ 362,798</u>	<u>\$ 387,361</u>

Investment return for the year ended June 30, 2024 and 2023 is summarized below:

For the years ended June 30:	<u>2024</u>	<u>2023</u>
Realized gains (losses)	\$ 3,369	\$ (1,114)
Unrealized gains (losses)	37,790	32,283
Net gain (loss) on Investments	41,159	31,169
Investment Income:		
Dividend Income	11,703	11,388
Total Investment Income	11,703	11,388
Annual Distribution From Perpetual Trusts		
Held By a Third Party	25,503	17,483
Total Investment Return	<u>\$ 78,365</u>	<u>\$ 60,040</u>

Investment securities are exposed to various risks, such as interest rate, market, and credit. Due to the level

Chenango County Council of the Arts, Inc.

NOTES TO THE FINANCIAL STATEMENTS

of risk associated with certain investment securities and the level of uncertainties related to changes in the fair market value of investment securities, it is at least reasonably possible that changes in risks in the near term would materially affect the net assets of the Organization. The investment value of certain investments could be affected by the current market, the impact on the Organization's holdings is not yet determined.

NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in methodologies used at June 30, 2024

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net assets value (NAV) and to transact at that price. The mutual funds held by the foundation are deemed to be actively traded.

Perpetual trusts held by third party: Valued using the fair market value of the trust assets.

Promises to give: Valued using present value technique that uses a risk adjusted discount rate to estimate the future cash flow

Fair values of assets measured utilizing the following levels of the fair value hierarchy:

- Level 1: Quoted prices in active markets for identical assets
- Level 2: Observable inputs other than the quoted prices included in Level 1
- Level 3: Significant unobservable input

Chenango County Council of the Arts, Inc.

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Fixed Income Securities			\$ -	\$ -
Mutual Funds - Bond	179,982	179,982	-	-
Equities				
Mutual Funds	188,616	188,616	-	-
Real Assets	32,884	32,884	-	-
Investment Total	<u>\$ 401,482</u>	<u>\$ 401,482</u>	<u>\$ -</u>	<u>\$ -</u>

June 30, 2024	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Promises to Give	<u>\$ 217,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 217,313</u>
Perpetual Trusts Held by Third Party	<u>\$ 518,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 518,489</u>

The table below presents information about the changes in promises to give for the year ended June 30, 2024 and 2023:

Promises to Give - June 30 2022	\$ 222,044
Less: Collections	(20,008)
Change in Present value (Contribution Revenue)	<u>17,737</u>
Promises to Give - June 30 2023	219,773
Less: Collections	(20,008)
Change in Present value (Contribution Revenue)	<u>17,548</u>
Promises to Give - June 30 2024	<u>\$ 217,313</u>

Chenango County Council of the Arts, Inc.

NOTES TO THE FINANCIAL STATEMENTS

The table below presents information about the changes in perpetual trusts held by third party for the year ended June 30, 2024 and 2023:

Perpetual Trust Held by Third Party - June 30, 2022	488,587
Change in Value - Gain on Investment	<u>14,059</u>
Perpetual Trust Held by Third Party - June 30, 2023	502,646
Change in Value - Gain on Investment	<u>15,843</u>
Perpetual Trust Held by Third Party - June 30, 2024	<u>\$ 518,489</u>

NOTE 7 - LINE OF CREDIT

The Organization has an \$80,000 line of credit with a bank. The interest rate is the bank's corporate lending rate plus 1.00%. The balance outstanding as of June 30, 2024, and 2023 was \$-0- and \$20,000, respectively.

NOTE 8 - BOARD DESIGNATED ENDOWMENT

Return Objectives- The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support the Organization by its endowment while seeking to maintain the purchasing power of the endowment assets.

Investment Policy- Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to yield the highest rate of return with a moderate level of investment risk. The approved investment allocations are cash and equivalents of 0% - 20%, fixed income investments 20% - 60% and equity investments 40% - 60%. The allocation is reviewed, and discussions take place between the investment committee and investment advisor. The investment committee meets at least twice a year to maximize the rate of return and reduce the investment risk.

Spending Policy - Total returns generated by the endowment fund may be used for ongoing operations of the Organization, but may not exceed 5% of market value of the fund at December 31 prior to the current yearend. The Board of Directors in authorizing expenditures of endowment funds must consider several factors including: duration and preservation of the fund, purpose of nonprofit and fund, general economic conditions, the possible effect of inflation and deflation, expected return and appreciation of assets, other resources, and investment policy of the fund. The principal shall not be invaded in the absence of critical or unusual circumstances and requires the approval of the Board of Directors at the recommendation of the Finance Committee. Earnings not used to supplement the operating budget shall become part of the fund's principal.

Chenango County Council of the Arts, Inc.

NOTES TO THE FINANCIAL STATEMENTS

Changes in the endowment net assets for the years ended June 30, 2024 and 2023:

For the year ended June 30:	2024	2023
Endowment Net Assets		
Beginning of Year	\$ 396,427	\$ 390,224
Investment Return:		
Investment Income	11,703	11,388
Net Depreciation (Realized and Unrealized Gain/Loss)	25,316	17,110
Total Investment Return	37,019	28,498
Contributions	-	-
Appropriation of Endowment		
Assets for Expenditure	19,821	19,621
Investment Fees	2,740	2,674
Endowment Net Assets, End of Year	\$ 410,885	\$ 396,427

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net Assets with Donor Restrictions are available for the following purposes or time at June 30, 2024

	2024	2023
Promise to Give - Auditorium Lease	\$ 217,313	\$ 219,773
Grant and Contribution Revenue - Grants to Teachers	1,050	1,050
Grant and Contribution Revenue - Subsequent Year's Scholarships	6,000	8,000
Perpetual Trusts Held by Third Party	518,489	502,646
Total Net Assets with Donor Restrictions	\$ 742,852	\$ 731,469

NOTE 10 - SPECIAL EVENTS

The Organization performs various special fundraising events. The main special event for the year ended June 30, 2024 was the Annual Appeal. The main special events for the year ended June 30, 2023 was the Gala and the Annual Appeal.

NOTE 11 – RIGHT-OF-USE ASSETS – LEASE LIABILITY

The Organization leases its office and gallery space for a monthly payment of \$1,125. The lease expires February 28, 2050.

The Organization also leases an auditorium under a lease expiring February 28, 2050, for one dollar per year. See Note 4 for additional information related to this lease.

Chenango County Council of the Arts, Inc.

NOTES TO THE FINANCIAL STATEMENTS

The lease assets and liabilities were calculated using the risk-free discount rate at the later of lease inception or period of adoption, unless explicitly stated, in accordance with the Organization's accounting policies. Lease expense for the year ended June 30, 2024 was \$36,298, which includes \$20,008 of non-cash lease expense for each year related to the auditorium lease. Additional information about the Organization's leases are as follows:

Operating Lease:	2024
Cash Lease Payments	13,500
Non-cash Contribution	20,008
Total Lease Expense	<u>\$ 33,508</u>

Weighted Averages:	
Remaining Lease Term - Operating Leases	25.75 years
Discount Rate - Operating Leases	3.81%

Future minimum cash payments under the operating leases for these facilities are summarized as follows:

	Auditorium	Office Space	Total
June 30, 2025	\$ 1	\$ 13,500	\$ 13,501
June 30, 2026	1	13,500	13,501
June 30, 2027	1	13,500	13,501
June 29, 2028	1	13,500	13,501
June 30, 2029	1	13,500	13,501
Thereafter	21	279,000	279,021
	<u>26</u>	<u>346,500</u>	<u>346,526</u>
Less Unamortized Discount	(10)	(125,639)	(125,649)
Total Lease Liability	<u>\$ 16</u>	<u>\$ 220,861</u>	<u>\$ 220,877</u>
Lease Liabilities - Operating Leases:			
Current Installments	-	5,175	5,175
Noncurrent Installments	16	215,686	215,702
Total Lease Liabilities	<u>\$ 16</u>	<u>\$ 220,861</u>	<u>\$ 220,877</u>

NOTE 12 - RETIREMENT PLAN

The Organization sponsors a Simple IRA plan covering all employees receiving at least \$5,000 in compensation. Employees may contribute to the plan. The Organization matches employee contributions, up to 3% of annual compensation for eligible participants. There was no participation in the plan for the June 30, 2024 and 2023 years.

Chenango County Council of the Arts, Inc.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13 - RELATED PARTY TRANSACTIONS

To support the Organization, the board members will make various contributions to the Organization. Transactions to related parties during the year were immaterial. Various board members are also employees of businesses where the Organization has investment and loan accounts.

NOTE 14 - ECONOMIC DEPENDENCE

The Organization's historical base for support is concentrated in Chenango County and from New York State. Thus, revenue has been and continues to be very dependent upon the economic health of Chenango County and continued support from New York State.

NOTE 15 – CONTRIBUTED SERVICES

Contributed services are recognized as contributions, if the services (a) create or enhance non-financial assets or (b) require specialized skills that are performed by people with those skills and would otherwise be purchased by the organization. Many volunteers provided services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

NOTE 16 – NOTE PAYABLE

On December 21, 2023 the Organization entered into a bridge loan agreement with a bank to provide temporary funding for sound equipment in the Organization's Theater. Reimbursement from New York State as part of the Downtown Revitalization Initiative is expected. Upon receiving the funding, the Organization will pay off the loan. As of June 30, 2024, the balance on the Note was \$62,340, all of which is expected to be paid within the next fiscal year. The Note has an interest rate equal to prime which, as of June 30, 2024, was 8.5%.

NOTE 17 – SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between June 30, 2024 and **February 13, 2025**, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required.