

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

Financial Report June 30, 2022



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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, 2022 and 2021, 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, 2022 and 2021, 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 Feeding America'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 Feeding America'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 13, 2023

The Bronx Council on the Arts, Incorporated
Statements of Financial Position
June 30, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash	\$ 856,437	\$ 1,267,062
Grants and other receivables (Note 3)	599,526	517,900
Other current assets	9,329	7,263
Total current assets	1,465,292	1,792,225
Building, furniture, and equipment, net (Note 5)	6,503,778	6,536,781
Total assets	\$ 7,969,070	\$ 8,329,006
Commitments and contingencies (Notes 7, 8, 9, and 10)		
Current liabilities		
Accounts payable and accrued expenses	\$ 149,501	\$ 527,619
Current maturities of capital lease obligations (Note 8)	7,044	3,530
Payroll protection program loans (Note 6)	-	78,107
Loans payable, current portion (Note 7)	73,002	70,538
Total current liabilities	229,547	679,794
Noncurrent liabilities:		
Loans payable, less current portion (Note 7)	146,688	216,095
Capital lease obligation	29,764	-
Payroll protection program loans (Note 6)	-	86,727
Total liabilities	405,999	982,616
Net assets:		
With donor restrictions (Note 4)	6,779,900	7,032,310
Without donor restrictions	783,171	314,080
Total net assets	7,563,071	7,346,390
Total liabilities and net assets	\$ 7,969,070	\$ 8,329,006

See notes to financial statements

The Bronx Council on the Arts, Incorporated
 Statements of Activities and Changes in Net Assets
 Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restriction	With Donor Restriction	Total	Without Donor Restriction	With Donor Restriction	Total
Revenues, public support and other income:						
Government grants and contracts	\$ 1,871,482	\$ 91,156	\$1,962,638	\$ 1,246,847	\$ 5,000	\$ 1,251,847
Individual and corporate contributions	41,890	-	41,890	21,026	5,000	26,026
Foundation and trust grants	110,000	9,500	119,500	66,400	600,000	666,400
In-kind contribution - building improvements	-	136,318	136,318	-	31,226	31,226
Other program contributions:						
In-kind contributions	30,000	-	30,000	30,000	-	30,000
Miscellaneous	5,311	-	5,311	4,613	-	4,613
	<u>2,058,683</u>	<u>236,974</u>	<u>2,295,657</u>	<u>1,368,886</u>	<u>641,226</u>	<u>2,010,112</u>
Net assets released from restriction	<u>489,385</u>	<u>(489,385)</u>	<u>-</u>	<u>175,452</u>	<u>(175,452)</u>	<u>-</u>
Total revenues and public support, and other income	<u>2,548,068</u>	<u>(252,410)</u>	<u>2,295,657</u>	<u>1,544,338</u>	<u>465,773</u>	<u>2,010,112</u>
Expenses:						
Program expenses	1,737,292	-	1,737,292	1,226,926	-	1,226,926
Fundraising	96,084	-	96,084	42,642	-	42,642
General and administrative	245,600	-	245,600	235,288	-	235,288
Total expenses	<u>2,078,976</u>	<u>-</u>	<u>2,078,976</u>	<u>1,504,855</u>	<u>-</u>	<u>1,504,855</u>
Changes in net assets	<u>469,091</u>	<u>(252,410)</u>	<u>216,681</u>	<u>39,483</u>	<u>465,773</u>	<u>505,257</u>
Net assets - Beginning of year	<u>314,080</u>	<u>7,032,310</u>	<u>7,346,390</u>	<u>274,598</u>	<u>6,566,536</u>	<u>6,841,134</u>
Net assets - End of year	<u>\$ 783,171</u>	<u>\$ 6,779,900</u>	<u>\$7,563,071</u>	<u>\$ 314,080</u>	<u>\$7,032,309</u>	<u>\$ 7,346,390</u>

See notes to financial statements.

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

	Program	Fundraising	General and Administrative	2022 Total
Expenses:				
Salaries and wages	\$ 295,175	\$ 35,165	\$ 31,460	\$ 361,800
Payroll taxes and fringe benefits	91,763	10,938	10,426	113,127
	<u>386,938</u>	<u>46,103</u>	<u>41,886</u>	<u>474,927</u>
Regrants	792,949	-	9,500	802,449
Consultants	74,172	22,977	144,468	241,617
Depreciation	173,379	18,600	17,018	208,997
Fees and honoraria	203,889	150	-	204,039
Rent and utilities	47,342	1,915	1,752	51,009
Repairs and maintenance	20,101	2,299	2,496	24,896
Insurance	15,658	1,648	1,508	18,814
Telephone	9,518	1,089	996	11,603
Interest expense	-	-	10,471	10,471
Supplies	6,122	492	448	7,062
Dues, fees, licenses and permits	26	9	6,050	6,085
Printing, publications, and publicity	1,545	-	4,382	5,927
Bank and merchant service charges	2,974	-	1,157	4,131
Conference and meeting	1,717	125	1,948	3,790
Equipment leases	340	666	609	1,615
Travel	277	-	307	584
Miscellaneous expenses	-	-	550	550
Programming	345	-	-	345
Postage and delivery	-	11	54	65
	<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
Statement of Functional Expenses
Year Ended June 30, 2021

	Program	Fundraising	General and Administrative	2021 Total
Expenses:				
Salaries and wages	\$ 263,809	\$ 12,255	\$ 49,190	\$ 325,254
Payroll taxes and fringe benefits	86,756	4,030	20,027	110,813
	<u>350,565</u>	<u>16,285</u>	<u>69,217</u>	<u>436,067</u>
Regrants	570,651	-	-	570,651
Depreciation	157,544	7,322	29,662	194,528
Consultants	27,072	16,279	94,865	138,216
Rent and utilities	43,321	619	5,708	49,648
Fees and honoraria	29,700	-	325	30,025
Repairs and maintenance	16,837	783	3,170	20,790
Insurance	13,526	571	2,311	16,408
Dues, fees, licenses and permits	-	110	14,336	14,446
Telephone	9,123	424	1,718	11,265
Supplies	5,348	249	496	6,093
Printing, publications, and publicit	538	-	4,761	5,299
Interest expense	-	-	3,878	3,878
Bank and merchant service charg	864	-	2,502	3,366
Programming	1,837	-	-	1,837
Conference and meeting	-	-	1,734	1,734
Miscellaneous expenses	-	-	474	474
Travel	-	-	130	130
Total expenses	<u>\$ 1,226,926</u>	<u>\$ 42,642</u>	<u>\$ 235,288</u>	<u>\$ 1,504,855</u>

See notes to financial statements.

The Bronx Council on the Arts, Incorporated
Statements of Cash Flows
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Changes in net assets	\$ 216,681	\$ 505,257
Adjustments to reconcile net assets to net cash (used in) provided by operating activities:		
Depreciation	208,997	194,528
Changes in assets and liabilities:		
Gain on extinguishment of debt	(164,834)	-
In-kind building improvement donation	(136,318)	(31,226)
Grants and other receivables	(81,626)	(315,091)
Other current assets	(2,066)	(1,581)
Other assets	-	-
Accounts payable and accrued expenses	(378,118)	387,881
Net cash (used in) provided by operating activities	<u>(337,284)</u>	<u>739,769</u>
Cash flows from investing activities:		
Payment for equipment	<u>(39,675)</u>	<u>-</u>
Cash flows from financing activities:		
Payments for loan payable	(265,087)	(277)
Proceed from loan	198,144	-
Proceed from issuance of capital lease	39,675	-
Proceeds from payroll protection program loans	-	86,727
Repayment of capital leases	(6,397)	(7,498)
Net cash (used in) provided by financing activities	<u>(33,665)</u>	<u>78,952</u>
Net (decrease) increase in cash	(410,624)	818,721
Cash:		
Beginning	<u>1,267,062</u>	<u>448,342</u>
Ending	<u>\$ 856,437</u>	<u>\$ 1,267,062</u>
Supplemental Disclosures of Cash Flow Information		
Cash payments for:		
Interest	<u>\$ 5,927</u>	<u>\$ 3,878</u>
In-kind building improvement donations	<u>\$ 136,318</u>	<u>\$ 31,226</u>
In-kind donation - rent expense	<u>\$ 30,000</u>	<u>\$ 30,000</u>

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 year ended June 30, 2022 and 2021.

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, 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:** This class consists of the part of net assets that is not restricted by donor-imposed stipulations.

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 2022 and 2021, the City of New York spent/contributed \$136,318 and \$31,226 respectively (Note 5), relating to the project named "Bronx Council on the Arts – Renovation of Facility". The City's investment of capital 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 (Note 9) of \$30,000 for the years ended June 30, 2022 and 2021.

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 capitalization 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 was not impaired at June 30, 2022 or in 2021.

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.

Pending Accounting Pronouncements:

In February 2016, FASB released ASU 2016-02, Leases (ASC 842). Under ASU 2016-02, lessees will be required to bring substantially all leases into their balance sheets by recording a right-of-use asset and lease liability. Expense will be recognized on a straight-line basis for an operating lease. The requirements of ASU 2016-02 are effective for the Organization's fiscal year ending 2023. The Organization is currently evaluating the impact of this pronouncement.

Reclassifications:

Certain reclassifications have been made to the 2021 comparable information to conform to the 2022 presentation. Such reclassifications do not alter the change in net assets or net asset balances as previously reported.

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

Note 3. Grants and other receivables

Grants and other receivables consist of the following:

	<u>2022</u>	<u>2021</u>
Department of Cultural Affairs	\$224,290	\$ 147,730
NYS Division of Criminal Justice Services	20,000	-
Department of Cultural Affairs Re-grants	-	53,000
Howard Gilman Foundation	250,000	250,000
Mertz Gilmore Foundation	-	50,000
Mid Atlantic Arts	9,500	-
Department of Cultural Affairs Su Casa	-	8,000
Hispanic Federation	25,640	-
National Endowment for the Arts	65,000	8,750
Other	5,096	420
	<u>\$599,526</u>	<u>\$ 517,900</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 \$6,370,072 and \$6,422,310 as of June 30, 2022 and 2021, respectively (Note 5), and program activities in the amount of \$409,828 and \$610,000, for the years ended June 30, 2022 and 2021, respectively.

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, 2022 and 2021 were as follow:

	<u>2022</u>	<u>2021</u>
Land and building	\$ 7,082,702	\$ 6,946,384
Web-Site	35,000	35,000
Furniture and equipments	182,350	142,674
	<u>7,300,052</u>	<u>7,124,058</u>
Less accumulated depreciation	<u>(796,275)</u>	<u>(587,277)</u>
	<u>\$ 6,503,778</u>	<u>\$ 6,536,781</u>

Note 6. Paycheck Protection Program Loans

In May 2020, the Organization was granted a loan under the Paycheck Protection Program (PPP1 loan) offered by the United States Small Business Administration under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), in the amount of \$78,107. The PPP 1 loan bears interest at 1.0% with monthly payments of principal and interest beginning in December 2020 and continues through maturity in November 2022, if required. All or a portion of the loan may be forgiven if the Organization uses all proceeds for eligible purposes, maintains certain employment and compensation levels in accordance with and subject to the CARES Act and the rules, regulations and guidance. Management represents that the Organization expended all of the loan proceeds on eligible purposes. The Organization used the twenty-four-week forgiveness period and applied for forgiveness of the PPP1 loan in accordance with the terms of

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

Note 6. Paycheck Protection Program Loans (Continued)

the CARES Act. The Organization has completed its loan forgiveness application and in November 2021, the SBA has confirmed the entire loan amount of \$78,107 was forgiven in full.

In March 2021, the Organization was granted a second loan under the Paycheck Protection Program (PPP 2 loan) in the amount of \$86,450. This PPP 2 loan bears interest at 1.0% with monthly payments of principal and interest beginning in September 2022 through maturity in March 2026, if required, and all or a portion of the loan may be forgiven if used for eligible purposes. Management represents that the Organization expended all of the loan proceed on eligible purposes. and as of the report date June 30, 2021, has applied for loan forgiveness. The Organization used the twenty-four-week forgiveness period and applied for forgiveness of the PPP1 loan in accordance with the terms of the CARES Act. The Organization has completed its loan forgiveness application and in November 2021, the SBA has confirmed the entire loan amount of \$86,450 was forgiven in full.

Forgiveness of both PPP loans, noted above, are recognized as a gain in the financial statements in the accompanying statement of activities for the year ended June 30, 2022, which is the period the debt was legally released. PPP loans are subject to audit and acceptance by the U.S. Department of Treasury, Small Business Administration, or lender; as a result of such audit, adjustments could be required to any gain recognized.

Note 7. 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% (6.25%) at June 30, 2022. The loan matures on August 1, 2025. The Organization borrowed \$0 against the loan for the years ended June 30, 2022 and 2021.

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

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

Note 7. Line of Credit and Term Loans (Continued)

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

	<u>2022</u>	<u>2021</u>
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	\$ 136,633
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	<u>150,142</u>	<u>150,000</u>
	219,690	286,633
Less: current maturities	<u>(73,002)</u>	<u>(70,538)</u>
	\$ 146,688	\$ 216,095

Future maturities of long-term debt at June 30, 2022 are due in future years as follows:

Year Ended June 30,	
2023	\$ 73,002
2024	3,640
2025	3,754
2026	3,860
Thereafter	<u>135,434</u>
	<u>\$ 219,690</u>

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

Note 8. Capital lease Obligation.

During 2021, The Organization leased a copier equipment under a capital lease. The capital 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 capital 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 capital lease was \$32,401 at June 30, 2022.

	<u>2022</u>	<u>2021</u>
2023	\$ 8,388	\$ 3,570
2024	8,388	-
2025	8,388	-
2026	8,388	-
2027	8,388	-
Total minimum lease payments	<u>41,940</u>	3,570
Less amounts representing interest	<u>(5,132)</u>	(40)
Present value of minimum capital lease payments	36,808	3,530
Less current portion	<u>(7,044)</u>	(3,530)
Capital lease obligation, net of current portion	<u>\$ 29,764</u>	<u>\$ -</u>

Note 9. Office Leases

The Organization is granted an in-kind donation for rent use of the Longwood Art Gallery and building space, located in Bronx, New York valued at approximately \$30,000, for both years ending June 30, 2022 and 2021,

Note 10. 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 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 11. 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.

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Notes to Financial Statements

Note 11. Information Regarding Liquidity and Availability of Resources (Continued)

The Organization's financial assets as of June 30, 2022 and 2021 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>2022</u>	<u>2021</u>
Cash	\$ 856,437	\$ 1,267,062
Grants and other receivables (Note 3)	599,526	517,900
Other assts	9,329	7,263
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,465,292</u>	<u>\$ 1,792,225</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 12. 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 cost incurred as of June 30, 2022 and 2021 was \$36,093 and \$44,330, respectively.

Note 13. Subsequent Events

Subsequent events have been evaluated through February 13, 2023, the date the financial statements were available to be issued.