

**JOSEPH AVENUE ARTS AND CULTURE ALLIANCE, INC.**

**FINANCIAL STATEMENTS**

**June 30, 2023**



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## INDEPENDENT ACCOUNTANTS' REVIEW REPORT

To the Board of Directors  
Joseph Avenue Arts and Culture Alliance, Inc.  
Rochester, NY

We have reviewed the accompanying financial statements of Joseph Avenue Arts and Culture Alliance, Inc. (a New York nonprofit organization), which comprise the statement of financial position as of June 30, 2023, 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.

### **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.

### **Accountants' 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 Joseph Avenue Arts and Culture Alliance, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

### **Accountants' 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.

Heveron & Company

Heveron & Company  
Certified Public Accountants

Rochester, New York  
March 29, 2024

**JOSEPH AVENUE ARTS AND CULTURE ALLIANCE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**June 30, 2023**

**ASSETS**

Current Assets

Cash and Cash Equivalents	\$ 208,995
Pledges Receivable	<u>5,857</u>
 Total Current Assets	 <u>214,852</u>

Property and Equipment

Construction in Progress	7,105
Building and Improvements	34,964
Less: Accumulated Depreciation	<u>(3,237)</u>
 Net Property and Equipment	 <u>38,832</u>

Other Assets

Restricted Cash	320,840
Investments	5,434
Pledges Receivable, Long-Term, Net of Current Portion and Discount	<u>36,895</u>
 Total Other Assets	 <u>363,169</u>

TOTAL ASSETS \$ 616,853

## LIABILITIES AND NET ASSETS

### Current Liabilities

Payroll Liabilities	\$ <u>1,841</u>
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Total Liabilities	<u>1,841</u>
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### Net Assets

Without Donor Restrictions:

Undesignated	243,087
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With Donor Restrictions:

Purpose Restrictions	<u>371,925</u>
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Total Net Assets	<u>615,012</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 616,853</u></u>
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See Accompanying Notes to Financial Statements.

**JOSEPH AVENUE ARTS AND CULTURE ALLIANCE, INC.**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2023**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<u>Support and Revenue</u>			
Gifts, Grants and Contributions	\$ 262,782	\$ 209,929	\$ 472,711
Other Income	<u>4,124</u>	<u>-</u>	<u>4,124</u>
Total Support and Revenue	<u>266,906</u>	<u>209,929</u>	<u>476,835</u>
<u>Expenses</u>			
Program Expenses	52,539	-	52,539
Supporting Services:			
Management and General	82,037	-	82,037
Fund Raising	<u>35,738</u>	<u>-</u>	<u>35,738</u>
Total Expenses	<u>170,314</u>	<u>-</u>	<u>170,314</u>
Change in Net Assets Before Other Gain/(Losses)	96,592	209,929	306,521
<u>Other Gain/(Losses)</u>			
Loss on Disposal of Assets	<u>(55,281)</u>	<u>-</u>	<u>(55,281)</u>
Change in Net Assets	41,311	209,929	251,240
Net Assets - Beginning of Year	201,776	98,010	299,786
Prior Period Adjustment	<u>-</u>	<u>63,986</u>	<u>63,986</u>
Net Assets - Beginning of Year - As Restated	<u>201,776</u>	<u>161,996</u>	<u>363,772</u>
Net Assets - End of Year	<u>\$ 243,087</u>	<u>\$ 371,925</u>	<u>\$ 615,012</u>

See Accompanying Notes to Financial Statements.

**JOSEPH AVENUE ARTS AND CULTURE ALLIANCE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**For The Year Ended June 30, 2023**

	<u>Supporting Services</u>			<u>Total</u>
	<u>Program</u> <u>Services</u>	<u>Management</u> <u>and General</u>	<u>Fund</u> <u>Raising</u>	
Salaries and Wages	\$ 32,513	\$ 32,487	\$ -	\$ 65,000
Employee Benefits	3,258	3,255	-	6,513
Payroll Taxes	<u>2,512</u>	<u>2,509</u>	<u>-</u>	<u>5,021</u>
Total Salaries and Benefits	38,283	38,251	-	76,534
Professional Fees	-	25,856	24,937	50,793
Other Expenses	1,644	8,201	2,689	12,534
Advertising	3,538	636	8,112	12,286
Program Supplies	9,074	-	-	9,074
Occupancy	-	3,584	-	3,584
Insurance	-	3,139	-	3,139
Depreciation	-	1,295	-	1,295
Office Supplies	<u>-</u>	<u>1,075</u>	<u>-</u>	<u>1,075</u>
Total Expenses	<u>\$ 52,539</u>	<u>\$ 82,037</u>	<u>\$ 35,738</u>	<u>\$ 170,314</u>

See Accompanying Notes to Financial Statements.



**JOSEPH AVENUE ARTS AND CULTURE ALLIANCE, INC.**  
**STATEMENT OF CASH FLOWS**  
**For The Year Ended June 30, 2023**

<u>Cash Flow From Operating Activities</u>	
Change in Net Assets	\$ 251,240
Noncash Expenses, Revenues, Losses and Gains:	
Depreciation	1,295
Loss on Disposal of Assets	55,281
Decrease/(Increase) In:	
Pledges Receivable	21,234
Other Assets	<u>4,896</u>
Net Cash Flow Provided/(Used) By Operating Activities	<u>333,946</u>
<u>Cash Flow From Investing Activities</u>	
Purchase of Property and Equipment	(6,105)
Purchase of Investments	<u>(5,434)</u>
Net Cash Flow Provided/(Used) By Investing Activities	<u>(11,539)</u>
Net Increase/(Decrease) in Cash, Cash Equivalents, and Restricted Cash	322,407
Cash, Cash Equivalents, and Restricted Cash - Beginning of Year	<u>207,428</u>
Cash, Cash Equivalents, and Restricted Cash - End of Year	<u>\$ 529,835</u>

See Accompanying Notes to Financial Statements.

**JOSEPH AVENUE ARTS AND CULTURE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**

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

Organization

Joseph Avenue Arts and Culture Alliance, Inc. (the Organization) is a nonprofit organization, which provides dynamic arts and cultural experiences for underserved families and youth in a safe, inspiring place for artistic expression; instilling pride and serving as a catalyst for community transformation. The Organization obtains its support directly and indirectly from individuals, organizations, and government agencies in the community.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Net Assets

In accordance with accounting principles generally accepted in the United States of America, the Organization reports information regarding its financial position and activities according to the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor or certain grantor imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, based on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**JOSEPH AVENUE ARTS AND CULTURE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**  
**(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING  
POLICIES (Continued)**

Revenue and Revenue Recognition

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenses in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenses are reported as refundable advances in the statement of financial position.

Funding sources may, at their discretion, amend the grant and contract amounts. In addition, reimbursement for expenses or return of funds, or both, may be requested as a result of noncompliance by the Organization with the terms of the grants and contracts. The Organization records such amendments, reimbursements, and returns of funds as an adjustment to revenue in the year of the amendment.

Contributions

The Organization recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Contributions that are expected to be received in future years are recorded at their present value. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Advertising

Advertising costs are expensed as incurred.

Pledges Receivable

Pledges and contributions receivable represent amounts due the Organization under the terms of unconditional promises to give. Payments to be received after June 30, 2023, are recorded at their estimated net present value using a discount rate of 5%.

Pledges receivable consisted of the following at June 30, 2023:

Less than one year	\$ 5,857
One to five years	<u>36,895</u>
Total	<u><u>\$ 42,752</u></u>

**JOSEPH AVENUE ARTS AND CULTURE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**  
**(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Income Taxes

The Internal Revenue Service has determined that the Organization is qualified as a charity exempt under Section 501(c)(3) of the Internal Revenue Code, and has also determined that the organization is publicly supported. As a result, no provision for federal or state income taxes has been made.

Property and Equipment

Property and equipment are stated at cost. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets, as follows.

	<u>Years</u>
Buildings and Improvements	27

Depreciation expense amounted to \$1,295 for the year ended June 30, 2023.

Determining Fair Value of Financial Assets and Liabilities

Accounting principles generally accepted in the United States of America established a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1: Inputs to the valuation method are unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Inputs to the valuation method include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or by other means.

Level 3: Inputs to the valuation method are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**JOSEPH AVENUE ARTS AND CULTURE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**  
**(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Cash, Cash Equivalents, and Restricted Cash

For the purposes of the statements of cash flows, cash, cash equivalents, and restricted cash include all cash on hand and in banks, which, at times, may exceed federally insured limits. The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization has not experienced any losses in these accounts and does not believe it is exposed to any significant credit risk with respect to cash, cash equivalents, and restricted cash.

Cash, cash equivalents, and restricted cash consisted of the following at June 30, 2023:

Checking	\$ 208,995
Restricted Cash	<u>320,840</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 529,835</u>

In-kind Contributions

Contributed nonfinancial assets may include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received. Contributed goods and services are recorded at fair value at the date of donation. The Organization does not sell donated gifts-in-kind. No significant contributions of such goods or services were received during the year ended June 30, 2023.

Recent Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases (Topic 842)*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases currently classified as operating leases and makes certain changes to the accounting for lease expenses. The main difference between the guidance in ASU 2016-02 and current GAAP is the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under current GAAP. During the year ended June 30, 2023, the Organization adopted ASU 2016-02 for its leasing arrangements, along with the practical expedient, which allows modifications of contracts to be applied at the time of adoption. This required recognition had no current impact to the Organization's statement of financial position.

Use of Estimates in the Preparation of Financial Statements

Accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could vary from those estimates.

**JOSEPH AVENUE ARTS AND CULTURE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**  
**(Continued)**

**NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Functional Expenses

The costs of providing the various program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the program services, management and general, and fund raising categories.

The financial statements report certain categories of expenses that are attributed to both program services and supporting functions. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated based on usage of space and items. Salaries and wages, benefits, payroll taxes, professional fees, office supplies, advertising, program supplies, and other, which are allocated on the basis of estimates of time and effort for each category.

**NOTE 2 - LIQUIDITY AND AVAILABILITY**

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. 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 of programs, as well as the conduct of services undertaken to support those activities to be general expenditures.

At June 30, 2023, the following financial assets could readily be made available within one year of the statements of financial position date to meet general expenditures:

Cash and Cash Equivalents	\$ 208,995
Pledges Receivable - Current	5,857
Investments	5,434
Less: Net Assets With Donor Restrictions*	<u>(14,190)</u>
	<u>\$ 206,096</u>

\* - Does not include long-term pledges and restricted cash

**JOSEPH AVENUE ARTS AND CULTURE ALLIANCE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2023**  
**(Continued)**

**NOTE 3 - NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2023:

Subject to expenditure for specified purpose:	
Building and Construction Costs	\$ 366,491
Endowments:	
Subject to appropriation and expenditure when a specified event occurs:	
Available for general use	<u>5,434</u>
Total Net Assets with Donor Restrictions	<u>\$ 371,925</u>

**NOTE 4 - DONATED SERVICES AND GOODS**

The Organization receives donated services that, although substantial, do not meet the criteria for recording as revenue and expense under accounting principles generally accepted in the United States of America. During the year ended June 30, 2023, 11 active volunteers provided approximately 36 hours of service as directors.

**NOTE 5 - RELATED PARTY TRANSACTIONS**

During the year ended June 30, 2023, \$15,284, was donated by board members.

**NOTE 6 - PRIOR PERIOD ADJUSTMENT**

A prior period adjustment affecting the year ended June 30, 2022 was made. The adjustment was necessary to record income and receivables in the proper period. The net adjustment was an increase of \$63,986 in Net Assets With Donor Restrictions.

**NOTE 7 - SUBSEQUENT EVENTS**

Subsequent events have been evaluated through March 29, 2024, which is the date the statements were available for issuance.