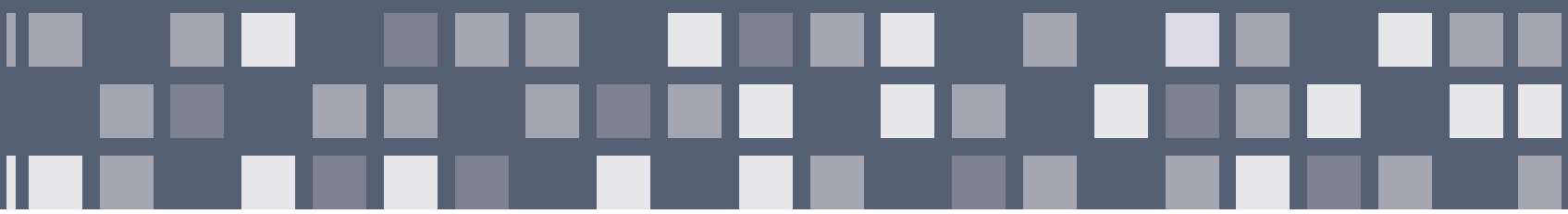


**Bronx Council
On the Arts, Inc**

Financial Report
June 30, 2021



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
Bronx Council on the Arts, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Bronx Council on the Arts, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020, the related statements of activities and changes in net assets, functional expenses and cash flows, for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

The Organization's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bronx Council on the Arts, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America

GMA & ASSOCIATES, LLC

Stamford, Connecticut
December 2, 2021

Bronx Council on the Arts, Inc
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash	\$ 1,267,062	\$ 448,342
Grants and other receivables (Note 3)	517,900	202,809
Other current assets	7,264	5,683
Total assets	<u>1,792,226</u>	<u>656,834</u>
Building, furniture, and equipment, net (Note 5)	6,536,781	6,700,083
Total assets	<u>\$ 8,329,007</u>	<u>\$ 7,356,917</u>
Commitments and contingencies (Notes 6, 7, 8, 9, and 10)		
Current liabilities		
Accounts payable and accrued expenses	\$ 527,619	\$ 139,738
Current maturities of capital lease obligations (Note 8)	3,530	6,904
Payroll protection program loans (Note 6)	78,107	78,384
Loans payable, current portion (Note 7)	70,538	-
	<u>679,794</u>	<u>225,026</u>
Noncurrent liabilities:		
Loans payable, less current portion (Note 7)	216,095	286,633
Payroll protection program loans (Note 6)	86,727	-
Capital lease obligations, less current maturities (Note 8)	-	4,124
	<u>982,616</u>	<u>515,783</u>
Total liabilities	<u>982,616</u>	<u>515,783</u>
Net assets:		
With donor restrictions (Note 4)	7,032,310	6,566,536
Without donor restrictions	314,081	274,598
	<u>7,346,390</u>	<u>6,841,134</u>
Total liabilities and net assets	<u>\$ 8,329,007</u>	<u>\$ 7,356,917</u>

See notes to financial statements.

Bronx Council on the Arts, Inc
Statements of Activities and Changes in Net Assets
Year Ended June 30, 2021 and 2020

	Without Donor Restriction	With Donor Restriction	2021 Total	2020 Total
Revenues, public support and other income:				
Government grants and contracts	\$ 1,246,847	\$ 5,000	\$ 1,251,847	\$ 1,428,217
Individual and corporate contributions	21,026	5,000	26,026	12,550
Foundation and trust grants	66,400	600,000	666,400	120,000
In-kind contribution - building improvements	-	31,226	31,226	688,085
Other program contributions:				
In-kind contributions	30,000	-	30,000	30,000
Miscellaneous	4,613	-	4,613	12,222
	<u>1,368,886</u>	<u>641,226</u>	<u>2,010,112</u>	<u>2,291,074</u>
Net assets released from restriction	<u>175,452</u>	<u>(175,452)</u>	<u>-</u>	<u>-</u>
Total revenues and public support, and other income	<u>1,544,338</u>	<u>465,774</u>	<u>2,010,112</u>	<u>2,291,074</u>
Expenses:				
Program expenses	1,226,926	-	1,226,926	1,390,926
Fundraising	42,642	-	42,642	83,136
General and administrative	235,288	-	235,288	182,189
Total expenses	<u>1,504,855</u>	<u>-</u>	<u>1,504,856</u>	<u>1,656,251</u>
Changes in net assets	39,483	465,774	505,256	634,823
Net assets - Beginning of year	<u>274,598</u>	<u>6,566,536</u>	<u>6,841,134</u>	<u>6,206,311</u>
Net assets - End of year	<u>\$ 314,081</u>	<u>\$ 7,032,310</u>	<u>\$ 7,346,390</u>	<u>\$ 6,841,134</u>

See notes to financial statements.

Bronx Council on the Arts, Inc
Statements of Functional Expenses
Years Ended June 30, 2021 and 2020

	Program	Fundraising	General and Administrative	2021 Total	2020 Total
Expenses:					
Salaries and wages	\$ 263,809	\$ 12,255	\$ 49,190	\$ 325,254	\$ 370,506
Payroll taxes and fringe benefits	86,756	4,030	20,027	110,813	120,462
	<u>350,565</u>	<u>16,285</u>	<u>69,217</u>	<u>436,067</u>	<u>490,968</u>
Regrants	570,651	-	-	570,651	692,989
Depreciation	157,544	7,322	29,662	194,528	191,029
Consultants	27,072	16,279	94,865	138,216	106,202
Rent and utilities	43,321	619	5,708	49,648	46,622
Fees and honoraria	29,700	-	325	30,025	47,755
Repairs and maintenance	16,837	783	3,170	20,790	21,897
Insurance	13,526	571	2,311	16,408	11,361
Dues, fees, licenses and permits	-	110	14,336	14,446	1,445
Telephone	9,123	424	1,718	11,265	9,965
Supplies	5,348	249	496	6,093	12,698
Printing, publications, and publicity	538	-	4,761	5,299	3,300
Interest expense	-	-	3,878	3,878	7,570
Bank and merchant service charges	864	-	2,502	3,366	2,057
Programming	1,837	-	-	1,837	292
Conference and meeting	-	-	1,734	1,734	1,515
Miscellaneous expenses	-	-	474	474	650
Travel	-	-	130	130	7,069
Postage and delivery	-	-	-	-	867
Total expenses	<u>\$ 1,226,926</u>	<u>\$ 42,642</u>	<u>\$ 235,288</u>	<u>\$ 1,504,856</u>	<u>\$ 1,656,251</u>

See notes to financial statements.

Bronx Council on the Arts, Inc
Statements of Cash Flows
Year Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Changes in net assets	\$ 505,256	\$ 634,823
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	194,528	191,029
Changes in assets and liabilities:		
In-kind building improvement donation	(31,226)	(688,084)
Grants and other receivables	(315,091)	(2,342)
Other current assets	(1,581)	(5,365)
Other assets		3,250
Accounts payable and accrued expenses	387,881	49,947
Net cash provided by operating activities	739,768	183,258
Cash flows from investing activities:		
Payment for property, furniture and equipment	-	(35,000)
Cash flows from financing activities:		
Proceeds from loans payable	(277)	286,633
Proceeds from payroll protection program loans	86,727	78,384
Repayment of capital leases	(7,498)	(6,699)
Proceeds from line of credit, net	-	(99,789)
Net cash provided by financing activities	78,952	258,529
Net increase in cash	818,720	406,787
Cash:		
Beginning	448,342	41,555
Ending	\$ 1,267,062	\$ 448,342
Supplemental Disclosures of Cash Flow Information		
Cash payments for:		
Interest	\$ 3,878	\$ 7,570
In-kind building improvement donations	\$ 31,226	\$ 688,084

See Notes to Financial Statements.

Bronx Council on the Arts Notes to Financial Statements

Note 1. Organization and Purpose:

Bronx Council on the Arts, Inc. (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, 2021 and 2020.

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.

Comparative Financial Information:

The financial statements include certain prior year summarized comparative information in total, but not by the net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

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

Bronx Council on the Arts, Inc
Notes to Financial Statements

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

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. The Organization benefited from an in-kind donations of rent expense (Note 9) of \$30,000 for the years ended June 30, 2021 and 2020. The Organization also benefited from an in-kind donations of building improvements (Note 5) of \$31,226 and \$688,085 for the years ended June 30, 2021 and 2020, 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.

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.

Contribution receivable:

The Organization reports unconditional promises to give as contributions. If the outstanding contributions are expected to be collected in less than one year, they are recorded at the estimated amount to be ultimately realized. If outstanding contributions are to be paid to the Organization over a period of years, they are recorded at the present value of their estimated cash flows using the prime rate of the calendar - year in the year of donation. Contribution receivable amounts due in excess of one year after June 30, 2021, and 2020 are reflected net of an allowance for uncollectible amounts based on management's judgement, past payment experience, and other relevant factors and have been discounted to net realizable value. There were no allowance for uncollectible amounts for the years ended June 30, 2021 and 2020.

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

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, 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, 2020 the Organization had no liabilities for uncertain tax positions.

Recently Adopted Accounting Pronouncements:

In May 2014, FASB issued ASU 2014-09, Revenue from Contracts with Customers ("ASU 2014- 09"). The revenue recognition standard eliminates the transaction- and industry-specific revenue recognition guidance under current generally accepted accounting principles and replaces it with a principle-based approach for determining revenue recognition. The core principle of the revenue recognition standard is that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those good or services.

Bronx Council on the Arts, Inc
Notes to Financial Statements

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

The FASB also issued the following amendments to ASU 2014-09 to provide clarification on the guidance: ASU 2015-14, Revenue from Contracts with Customers (Topic 606) – Deferral of the Effective Date, ASU 2016-08, Revenue from Contracts with Customers (Topic 606) – Principal versus Agent Considerations (Reporting Revenue Gross Versus Net), and ASU 2016-10, Revenue from Contracts with Customers (Topic 606) – Identifying Performance Obligations and Licensing, and ASU 2016-12, Revenue from Contracts with Customers (Topic 606) – Narrow-Scope Improvements and Practical Expedients.

The Organization adopted the provisions of ASU 2014-09 and all of the related amendments effective July 1, 2019 which did not have material effects on net assets with or without donor restrictions.

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 December 15, 2021. The Organization is currently evaluating the impact of this pronouncement.

Reclassifications:

Certain reclassifications have been made to the 2020 comparable information to conform to the 2021 presentation. Such reclassifications do not alter the change in net assets or net asset balances as previously reported.

Note 3. Grants and other receivables

Grants and other receivables consist of the following

	<u>2021</u>	<u>2020</u>
Department of Cultural Affairs	\$ 147,730	\$ 78,620
Department of Cultural Affairs Re-grants	53,000	61,000
Howard Gilman Foundation	250,000	-
Mertz Gilmore Foundation	50,000	-
Department of Cultural Affairs Su Casa	8,000	23,000
Hispanic Federation	-	30,189
National Endowment for the Arts	8,750	10,000
Other	420	-
	<u>\$ 517,900</u>	<u>\$ 202,809</u>

Bronx Council on the Arts, Inc
Notes to Financial Statements

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 \$6,422,310 and \$6,566,536 as of June 30, 2021 and 2020 (Note 5) and program activities in the amount of \$610,000 and \$0, for the years ended June 30, 2021 and 2020, respectively.

Note 5. Building, furniture and equipment

In 2011 the Organization's building, located at 2700 East Tremont Avenue, at Westchester Square in Bronx, New York was donated to the Organization by the JP Morgan Chase Foundation. Major renovations, to the building, was funded by the New York City Department of Cultural Affairs. Donation of the building and major renovation cost were capitalized and reported as construction in-progress on the statements of financial positions as of June 30, 2018. The building renovation was substantially completed and used in 2020, of which, the amount reported as construction in-progress for the fiscal year ended June 30, 2018 was reclassified to building cost as of June 30, 2020, of which the Organization commenced depreciating the building cost in fiscal year 2020.

In Fiscal 2021 and 2020, the City of New York spent/contributed \$31,226 and \$688,085 respectively, 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 building serves as the Organization's permanent headquarters and programs location. The Organization's building, furniture and equipment as of June 30, 2021 and 2020 were as follow:

	<u>2021</u>	<u>2020</u>
Land and building	\$ 6,946,384	\$ 6,915,158
Web-Site	35,000	35,000
Furniture and equipments	<u>142,674</u>	<u>142,674</u>
	<u>7,124,058</u>	<u>7,092,832</u>
Less accumulated depreciation	<u>(587,277)</u>	<u>(392,749)</u>
	<u>\$ 6,536,781</u>	<u>\$ 6,700,083</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 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 (Note 13).

Bronx Council on the Arts, Inc
Notes to Financial Statements

Note 6. Paycheck Protection Program Loans (Continued)

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. No determination has been made by the SBA as to whether the Organization will be eligible for forgiveness, in whole or in part. The Organization accounts for the PPP 2 loans as conditional grants, to be recorded as a refundable advance until repayment is specifically waived.

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% (4.75%) at June 30, 2021. The loan matures on August 1, 2025. The Organization borrowed \$0 against the loan for the years ended June 30, 2021 and 2020.

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

	2021	2020
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	\$ 136,633	\$ 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	150,000	150,000
	286,633	286,633
Less: current maturities	(70,538)	-
	\$ 216,095	\$ 286,633

Bronx Council on the Arts, Inc
Notes to Financial Statements

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

Future maturities of long-term debt at June 30, 2021 are due in future years as follows:

Year Ended June 30,	
2022	\$ 70,538
2023	78,935
2024	3,640
2025	3,754
2026	2,860
Thereafter	126,906
	<u>\$ 286,633</u>

Note 8. Capital lease Obligation

The Organization leases a copier equipment under a capital lease at amount of \$17,727. The net book value of the asset was \$0 and \$5,909 at June 30, 2021 and 2020, respectively. The capital lease obligation is, payable in monthly installments of \$595, which includes principal and interest expense, through December 2021, at an interest rate imputed at 3%.

	<u>2021</u>	<u>2020</u>
2021	\$ -	\$ 7,140
2022	3,570	4,165
Total minimum lease payments	<u>3,570</u>	11,305
Less amounts representing interest	<u>(40)</u>	(277)
Present value of minimum capital lease payments	3,530	11,028
Less current portion	<u>-</u>	(6,904)
Capital lease obligation, net of current portion	<u>\$ 3,530</u>	<u>\$ 4,124</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 the years ending June 30, 2021 and 2020,

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.

Bronx Council on the Arts, Inc
Notes to 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.

The Organization's financial assets as of June 30, 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:

Cash	\$ 1,267,062
Grants and other receivables (Note 3)	517,900
Other assts	<u>7,264</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,792,226</u></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, 2021 and 2020 was \$44,330 and \$39,997, respectively.

Note 13. Subsequent Events

Subsequent events have been evaluated through December 2, 2021, the date the financial statements were available to be issued.

The Organization filed an application for loan forgiveness with TD Bank for the PPP 1 loan (Note 3). In November 2021, the Organization was notified by the SBA that the PPP 1 loan was forgiven for full amount of \$78,107.