

PARTICIPANT, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2021
WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2020

PARTICIPANT, INC.
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(With Summarized Comparative Information for the year ended December 31, 2020)

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RICH AND BANDER, LLP
CERTIFIED PUBLIC ACCOUNTANTS

PETER R. RICH, CPA

JONATHAN A. BANDER, CPA

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Participant, Inc.
New York, NY

We have reviewed the accompanying financial statements of Participant, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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.

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 Participant, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

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.

Summarized Comparative Information

We previously reviewed Participant, Inc.'s 2020 financial statements and in our conclusion dated December 10, 2021, stated that based on our review, we were not aware of any material modifications that should be made to the 2020 financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. We are not aware of any material modifications that should be made to the summarized comparative information presented herein as of and for the year ended December 31, 2020, for it to be consistent with the reviewed financial statements from which it has been derived.

Rich and Bander, LLP

New York, NY
March 8, 2023

PARTICIPANT, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021

(With summarized comparative information for the year ended December 31, 2020)

ASSETS	<u>2021</u>	<u>2020</u>
Current assets		
Cash and cash equivalents	\$ 32,363	\$ 52,261
Grants and contributions receivable	5,000	77,310
Loan to individuals	7,500	-
Prepaid expenses and other assets	3,083	2,685
Total current assets	<u>47,946</u>	<u>132,256</u>
Property and equipment, net of accumulated depreciation	18,380	19,805
Other assets		
Security deposits	8,408	8,408
Total other assets	<u>8,408</u>	<u>8,408</u>
TOTAL ASSETS	<u><u>\$ 74,734</u></u>	<u><u>\$ 160,469</u></u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 6,100	\$ 5,300
Loans payable - related party	1,541	8,440
Due to fiscally sponsored projects	41,094	35,000
Total current liabilities	<u>48,735</u>	<u>48,740</u>
Net assets		
Without donor restrictions	(35,340)	39,729
With donor restrictions	61,339	72,000
Total net assets	<u>25,999</u>	<u>111,729</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 74,734</u></u>	<u><u>\$ 160,469</u></u>

See accompanying notes and independent accountant's review report.

PARTICIPANT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With summarized comparative information for the year ended December 31, 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021 Totals</u>	<u>2020 Totals</u>
Revenue and support				
Grants and contributions				
Foundations	\$ 164,934	\$ 7,339	\$ 172,273	\$ 334,830
Government	60,450	-	60,450	61,050
Individuals	58,186	-	58,186	47,586
Corporate	10,005	-	10,005	-
Total grants and contributions	293,575	7,339	300,914	443,466
Other income				
Administrative fees	40,000	-	40,000	1,240
Art and book sales, net of cost of goods sold of \$4,715	5,810	-	5,810	(967)
Miscellaneous income	3,059	-	3,059	9,099
Rental income	-	-	-	500
Total other income	48,869	-	48,869	9,872
Net assets released from restrictions	18,000	(18,000)	-	-
Total revenue and support	360,444	(10,661)	349,783	453,338
Expenses				
Program services	358,211	-	358,211	237,210
Supporting services				
Management and general	57,492	-	57,492	52,357
Fundraising	19,810	-	19,810	7,748
Total expenses	435,513	-	435,513	297,315
Change in net assets	(75,069)	(10,661)	(85,730)	156,023
Net assets - beginning of year	39,729	72,000	111,729	\$ (44,294)
Net assets - end of year	\$ (35,340)	\$ 61,339	\$ 25,999	\$ 111,729

PARTICIPANT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With summarized comparative information for the year ended December 31, 2020)

	Program Services	Management & General	Fundraising	Merchandise sales cost of goods sold	2021 Totals	2020 Totals
Artist and curatorial fees	\$ 124,501	\$ -	\$ 7,361	\$ -	\$ 131,862	\$ 26,434
Occupancy	81,973	27,324	-	-	109,297	61,867
Salaries	42,420	10,920	10,920	-	64,260	50,292
Meals	16,092	-	-	-	16,092	6,208
Materials	14,549	-	-	-	14,549	5,763
Production and reproduction costs	13,890	-	-	-	13,890	46,166
Insurance	8,900	2,920	-	-	11,820	8,460
Depreciation	10,142	-	-	-	10,142	8,770
Professional fees	-	10,127	-	-	10,127	11,653
Travel and lodging	8,992	-	-	-	8,992	-
Other expenses	6,779	417	416	-	7,612	10,053
Office supplies	3,779	3,225	-	-	7,004	2,421
Internet and web hosting costs	5,580	-	-	-	5,580	6,284
Payroll taxes	3,628	934	934	-	5,496	3,018
Merchandise cost of goods sold	-	-	-	4,715	4,715	1,200
Installation - crew	4,440	-	-	-	4,440	11,534
Equipment rental and repairs	2,840	-	-	-	2,840	19,152
Transportation	2,834	-	-	-	2,834	2,565
Telephone	2,306	-	-	-	2,306	2,046
Postage and delivery	1,951	-	-	-	1,951	933
Marketing and advertising	1,787	-	-	-	1,787	1,600
Bank processing fees	-	1,625	-	-	1,625	1,212
Storage	828	-	-	-	828	177
Benefit expenses	-	-	179	-	179	-
Management expense	-	-	-	-	-	6,640
Publications	-	-	-	-	-	3,019
Documentation	-	-	-	-	-	725
Opening and event costs	-	-	-	-	-	324
	<u>358,211</u>	<u>57,492</u>	<u>19,810</u>	<u>4,715</u>	<u>440,228</u>	<u>298,516</u>
Less expenses included with revenue on the statement of activities						
Merchandise sales cost of goods sold	-	-	-	(4,715)	(4,715)	(1,200)
Total expenses included in the expense section on the statement of activities	<u><u>\$ 358,211</u></u>	<u><u>\$ 57,492</u></u>	<u><u>\$ 19,810</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 435,513</u></u>	<u><u>\$ 297,316</u></u>

PARTICIPANT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With summarized comparative information for the year ended December 31, 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ (85,730)	\$ 156,023
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:</i>		
Depreciation	10,142	8,770
(Increase) decrease in operating assets:		
Grants and contributions receivable	72,310	(77,310)
Loan to individuals	(7,500)	
Prepaid expenses and other assets	(398)	(1,599)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	800	(33,686)
Due to fiscally sponsored projects	6,094	35,000
Total adjustments	<u>81,448</u>	<u>(68,825)</u>
Net cash (used in) provided by operating activities	<u>(4,282)</u>	<u>87,198</u>
Cash flows from investing activities:		
Purchase of property and equipment	(8,717)	(4,381)
Net cash used in investing activities	<u>(8,717)</u>	<u>(4,381)</u>
Cash flows from financing activities:		
Proceeds from loans payable - related parties	8,000	7,300
Repayments of loan payable - Fund for the City of New York	-	(27,000)
Repayments of loans payable - related parties	(14,899)	(19,787)
Repayments of loans payable - individuals	-	(7,560)
Net cash used in financing activities	<u>(6,899)</u>	<u>(47,047)</u>
Net (decrease) increase in cash and cash equivalents	(19,898)	35,770
Cash and cash equivalents, beginning of year	52,261	16,491
Cash and cash equivalents, end of year	<u>\$ 32,363</u>	<u>\$ 52,261</u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	\$ -	\$ -

See accompanying notes and independent accountant's review report.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of the Organization

Participant, Inc. (the “Organization”) was organized as a not-for-profit organization on December 14, 2001 under the laws of the State of New York. The Organization seeks to provide a venue in which artists, curators, and writers can develop, realize, and present ambitious projects within a context that recognizes the social and cultural value of artistic experimentation. The mission of the Organization is to serve artists through in-depth consideration, presentation, and publishing of critical writing; and to introduce this work into public contexts through exhibitions, screenings, performances, and educational programs. The Organization’s mission builds upon alternative space methodologies, particularly a commitment to interdisciplinary, intergenerational exhibition making, and an insistence upon placing together, in one space, work from various mediums – encouraging the coexistence of visual and time-based art.

The Organization’s programs are supported primarily by foundation, government, individual and corporate contributions.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

Cash and Cash Equivalents

The Organization considers all highly liquid investments, except those held for long-term investment, with maturities of three months or less when purchased to be cash and cash equivalents.

Contract Balances

Contract assets are recognized when the Organization has satisfied a contract obligation but must satisfy other performance obligations before being entitled to payment, or when the Organization has the right to bill a customer before satisfying any or some of the performance obligations. Contract liabilities are recognized when the Organization has an obligation to perform services to a customer for which the Organization has received advanced consideration or when payment is due prior to satisfying any or some of the performance obligations. The Organization does not have opening balances for contract assets and contract liabilities or such balances for the year ended December 31, 2021.

Marketing and Advertising Costs

The Organization’s policy is to expense marketing and advertising costs as they are incurred.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property and Equipment

Property and equipment are recorded at cost or, if donated, the fair market value at the date of donation. The Organization’s policy is to capitalize expenditures for these items in excess of \$500. Depreciation for property and equipment is provided using the straight-line method for financial reporting purposes at rates based on the following estimated useful lives:

	<u>Years</u>
Leasehold improvements	Lease term
Equipment	5

Upon sale or retirement, the cost and related accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss is reported. Expenditures for major renewals and improvements that extend the useful lives of the property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred.

Compensated Absences

Employees of the Organization are entitled to paid vacation, paid sick days, and personal days off, depending on job classification, length of service, and other factors. No liability has been recorded in the accompanying financial statements. The Organization’s policy is to recognize the costs of compensated absences when actually paid to employees.

Agency Transactions

The Organization acts in a fiscal agent capacity for several fiscal beneficiaries. As a fiscal agent, the Organization agrees to pass assets (cash) received from donors to an entity or individual specified by those donors. The Organization has little or no discretion in determining the use of assets transferred to them.

For transactions under comprehensive fiscal sponsorship arrangements, the Organization’s policy is to recognize the cash received as revenue and the payments made as expense. At the end of the fiscal year, the difference between amounts received and paid in connection with the programs is reported as restricted cash on the statement of financial position.

For transactions under pre-approved grant relationship arrangements, the Organization’s policy is to recognize the cash received and an offsetting liability, “Due to Fiscally Sponsored Projects,” until the funds are fully distributed to the ultimate beneficiary, at which time the liability is removed from the Organization’s books.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis on the statement of activities. The statement of functional expenses presents the natural classification details of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue, Revenue Recognition, and Receivables

Grants and Contributions – Grants (from government and foundations) and contributions (from individuals, corporations, and other sources) are recognized when cash, securities or other assets; an unconditional promise to give; or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of release/return, are not recognized until the conditions on which they depend have been substantially met.

Grants and Contributions Receivable – Grants and contributions that are not yet collected are recorded as grants and contributions receivable. Amounts expected to be collected within one year are recorded at net realizable value. Amounts that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributed Services – A number of volunteers have donated significant amounts of their time to the Organization in connection with its programs. Directors and officers have made a significant contribution of their time to develop the Organization and its programs. These donated services are not reflected in the financial statements since they do not meet the criteria for recognition as contributed services. These donated services do not create or enhance a nonfinancial asset nor require a specialized skill that the contributors have and would typically need to be purchased if not provided through donation.

Administrative fees – The performance obligation of providing administrative assistance in pre-approved grant relationship arrangements in exchange of administrative fees are simultaneously received and consumed by the participants; therefore, revenue is recognized ratably over the course of the arrangement. All administrative fees received in advance of the satisfaction of the performance obligation are deferred to the applicable period.

Art and Book Sales – Art and book sales are recognized when the control over art and book are transferred to customer which is the point of sale.

Rental Income – Rental income is generated from providing the Organization's equipment to various individuals or organizations. The rental period typically lasts a short period of time with no impact on the Organization's own activities. Rental income is recognized when the equipment is returned. Rental income is scoped out of Accounting Standards Update ("ASU") 2014-09, *Revenue from Contracts with Customers* (Topic 606).

Accounts Receivable – Accounts receivable represents art and book sales and rental income that has been recognized but not collected as of the financial statement date at amounts expected to be collected. The Organization uses the allowance method to determine uncollectible accounts receivable. The allowance is based on prior years' experience and management's analysis of specific accounts receivable.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Net Assets

Net assets, revenues, gains, and losses are classified based on 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. The Organization reports contributions restricted by donors 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, depending 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 statement of activities as net assets released from restrictions.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. It is also exempt from state income taxes. However, any unrelated business income may be subject to taxation. Currently, the Organization has no obligation for any unrelated business income tax.

The Organization's Form 990, *Return of Organizations Exempt from Income Tax*, for the year ended December 31, 2020, 2019, and 2018 are subject to examination by the Internal Revenue Service generally for three years after the return was filed.

The Organization has evaluated its current tax positions and has concluded that as of December 31, 2021, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management of the Organization to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

1) NATURE OF THE ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Recent Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (“FASB”) issued ASU 2016-02, *Leases* (Topic 842), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new ASU establishes a right-of-use (“ROU”) model that requires a lessee to recognize a ROU asset and lease liability on the balance sheet for most leases with terms longer than 12 months. Leases will be classified as finance or operating, with classification affecting the pattern and classification of the expense recognition in the statement of activities. The effective date for this standard has been delayed to annual reporting periods beginning after December 15, 2021, and interim periods within fiscal years beginning after December 15, 2022. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958) which requires not-for-profits to present contributed nonfinancial assets as a separate line item in the statement activities and provide additional disclosures about contributions of nonfinancial assets. Contributed nonfinancial assets, commonly referred to as gifts-in-kind, include fixed assets (such as land, buildings, and equipment), use of fixed assets or utilities, materials and supplies, intangible assets, services, and unconditional promises of those assets. The ASU is effective for annual periods beginning after June 15, 2021 and interim periods within annual periods beginning after June 15, 2022. Early adoption is permitted.

The Organization is currently evaluating the effect that these updates will have on its financial statements.

Comparative Data

The amounts shown for the year ended December 31, 2020 in the accompanying financial statements are included to provide a basis for comparison with 2021 and present summarized totals only. Accordingly, the 2020 totals are not intended to present all information necessary for a fair presentation in conformity with accounting principles generally accepted in the United States of America. Such information should be read in conjunction with the Organization’s financial statements for the year ended December 31, 2020, from which the summarized information was derived.

Reclassifications

Certain reclassifications have been made to the 2021 financial statement presentation to correspond to the current year’s format. Net assets and changes in net assets are unchanged due to these reclassifications.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

2) FAIR VALUE MEASUREMENTS

The Organization's financial instruments are reported at fair value in the accompanying statement of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Accounting Standards Codification 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority; level 2, defined as inputs other than the quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore requiring an entity to develop its own assumptions. The asset's 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. At December 31, 2021, no investments at fair value are noted in the statement of financial position.

3) LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restriction limiting their use, within one year of the statement of financial position date, comprise the following:

<u>Financial assets at year-end</u>	<u>Gross amount</u>	<u>Less: Amounts not available to be used within one year</u>	<u>Financial assets available to meet general expenditures within one year</u>
Cash and cash equivalents	\$ 32,363	\$ 102,433	\$ -
Loan to individual	7,500	-	7,500
Grants and contributions receivable	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total	<u>\$ 44,863</u>	<u>\$ 102,433</u>	<u>\$ 12,500</u>

The Organization is supported by restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

4) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at December 31, 2021 consists of the following:

Various individuals	<u>\$ 5,000</u>
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Grants and contributions receivable amounts are generally collected in one year. The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

5) LOAN TO INDIVIDUAL

In 2021, the Organization loaned a total of \$7,500 to an individual. The loan is unsecured, non-interest bearing and have no specific repayment terms. The Organization believes its loan receivable to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended.

6) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation as of December 31, 2021. Depreciation for the year then ended was \$10,142.

Leasehold improvements	\$ 109,451
Equipment	<u>39,764</u>
	149,215
Less: accumulated depreciation	<u>130,835</u>
	<u>\$ 18,380</u>

7) RELATED PARTY TRANSACTIONS – LOANS PAYABLE

At December 31, 2021, the Organization had \$1,541 in related party loans payable outstanding and due to one Board member, the Executive Director. The loans are unsecured, non-interest bearing and have no specific repayment terms.

8) MARKETING AND ADVERTISING COSTS

For the year ended December 31, 2021, marketing and advertising costs totaled \$1,787.

9) FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, payroll taxes and insurance, and payroll fees (included in other expenses), which are allocated on the basis of estimates of time and effort, and occupancy, which is allocated on the basis of square footage.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

10) NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes:

Subject to expenditure for specified purpose:	
Curatorial Research Fellowship	\$ 50,000
Program Support	4,000
Thank God for Abortion	<u>7,339</u>
Total	<u>\$ 61,339</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose specified by the donors as follows for the year ended December 31, 2021:

Satisfaction of purpose restrictions:	
Program support	<u>\$ 18,000</u>

11) DISSAGGREGATION OF REVENUE FROM CONTRACTS WITH CUSTOMERS

The following table disaggregates the Organization's revenue from contracts with customers based on the timing of satisfaction of performance obligations for the year ended December 31, 2021:

Revenue recognized at a point in time:	
Art and book sales (gross)	<u>\$ 10,525</u>
Total revenue recognized at a point in time:	10,525
Revenue recognized overtime:	
Administrative fees	<u>40,000</u>
Total revenue recognized at a point in time:	40,000
Total revenue from contracts with customers	<u>\$ 50,525</u>

12) CONCENTRATION OF RISK

The Organization maintains its cash balances at a major financial institution. The balances, at times, may exceed federally insured limits. As of December 31, 2021, there were no uninsured balances. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk regarding its cash balances.

During the year ended December 31, 2021, approximately 45% of the Organization's total grants and contributions was received from one foundation donor.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021

13) AGENCY TRANSACTIONS

Cash received and amounts distributed in connection with the Organization's comprehensive fiscal sponsorship arrangements during the year were as follows:

<u>Program</u>	<u>Amounts Received During Year</u>	<u>Paid During Year</u>
Thank God for Abortion	<u>\$ 9,339</u>	<u>\$ 2,000</u>

Cash distributed to, or on behalf of, ultimate beneficiaries and amounts due in connection with the Organization's pre-approved grant relationship arrangements during the year were as follows:

<u>Project</u>	<u>Paid During Year</u>	<u>Amount Due</u>
Coalition	\$ 1,273,906	\$ 41,094
Housing NY	55,000	-
She's A Talker	<u>22,000</u>	<u>-</u>
	<u>\$ 1,350,906</u>	<u>\$ 41,094</u>

14) LEASE COMMITMENTS

The Organization leases office space in New York City under the terms of a non-cancelable operating lease which expired on September 30, 2022. The Organization negotiated an extension through January 31, 2023. Due to COVID-19, the landlord has given the Organization rent concessions of (a) five months rent-free from April 1, 2020 to August 30, 2020 and (b) 50% rent reduction from September 1, 2020 to August 30, 2021.

On February 16, 2023, the Organization entered into a three-year non-cancellable operating lease agreement for the lease of office space located at 116 Elizabeth Street, Ground Floor, New York, NY.

Occupancy expenses for the year ended December 31, 2021 totaled \$109,297.

Future minimum lease payments under the non-cancelable lease are as follows:

December 31,	
2022	\$ 116,546
2023	70,000
2024	126,600
2025	134,196
2026	<u>11,236</u>
	<u>\$ 458,578</u>

15) COVID-19 AND SUBSEQUENT EVENTS

On March 11 2020, the World Health Organization recognized the novel strain of coronavirus COVID-19, as a pandemic. In direct response, on March 22, 2020, the Governor of New York State issued executive order *New York State on PAUSE*, which closed all non-essential business state-wide. The coronavirus outbreak has severely impacted economic activity across the world. The organization's Board and Management are in discussion to identify and limit the negative long-term implications of this pandemic to the Organization.

Management has evaluated subsequent events through March 8, 2023, which is the date the financial statements were available to be issued.