

**PARTICIPANT, INC.**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**DECEMBER 31, 2024**  
**WITH SUMMARIZED COMPARATIVE INFORMATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**PARTICIPANT, INC.**  
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**DECEMBER 31, 2024**  
**(With Summarized Comparative Information for the year ended December 31, 2023)**

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**RICH AND BANDER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**PETER R. RICH, CPA**

**JONATHAN A. BANDER, CPA**

**INDEPENDENT AUDITOR'S REPORT**

The Board of Directors  
Participant, Inc.  
New York, NY

We have audited the accompanying financial statements of Participant, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Participant, Inc. as of December 31, 2024, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Participant, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Participant, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Participant, Inc.'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 Participant, Inc.'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.

## **Summarized Comparative Information**

We have previously reviewed Participant, Inc.'s 2023 financial statements and in our conclusion dated November 15, 2024, stated that based on our review, we were not aware of any material modifications that should be made to the 2023 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, 2023, for it to be consistent with the reviewed financial statements from which it has been derived.

*Rich and Bander, LLP*

New York, NY  
March 13, 2026

**RICH AND BANDER, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**PARTICIPANT, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2024**  
**(With summarized comparative information for the year ended December 31, 2023)**

<b>ASSETS</b>	<b>2024</b>	<b>2023</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 115,853	\$ 308,647
Grants and contributions receivable, net	478,096	25,000
Loans to individuals	13,272	18,651
Prepaid expenses and other assets	1,751	2,313
<b>Total current assets</b>	<b>608,972</b>	<b>354,611</b>
<b>Noncurrent assets</b>		
Grants and contributions receivable, net	45,723	-
Right-of-use asset, net	121,453	226,137
Property and equipment, net	140,217	205,050
Security deposits	60,000	60,000
<b>Total noncurrent assets</b>	<b>367,393</b>	<b>491,187</b>
<b>TOTAL ASSETS</b>	<b>\$ 976,365</b>	<b>\$ 845,798</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued expenses	\$ 43,171	\$ 9,050
Loans payable - related party	1,632	1,257
Lease liabilities	123,721	114,119
Due to fiscally sponsored projects	3,889	137,000
<b>Total current liabilities</b>	<b>172,413</b>	<b>261,426</b>
<b>Noncurrent liabilities</b>		
Lease liabilities	10,581	143,970
<b>Total noncurrent liabilities</b>	<b>10,581</b>	<b>143,970</b>
<b>TOTAL LIABILITIES</b>	<b>182,994</b>	<b>405,396</b>
<b>NET ASSETS</b>		
Without donor restrictions	281,571	405,345
With donor restrictions	511,800	35,057
<b>TOTAL NET ASSETS</b>	<b>793,371</b>	<b>440,402</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 976,365</b>	<b>\$ 845,798</b>

The accompanying notes are an integral part of these financial statements.

**PARTICIPANT, INC.**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(With summarized comparative information for the year ended December 31, 2023)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2024 Totals</u>	<u>2023 Totals</u>
<b>Revenue and support</b>				
<b>Grants and contributions</b>				
Foundations	\$ 998,700	\$ 507,051	\$ 1,505,751	\$ 440,500
Individuals	115,165	-	115,165	196,393
Government	98,443	-	98,443	91,050
Contributed nonfinancial assets	5,700	-	5,700	-
Special events contributions	71	-	71	23,393
Net assets released from restrictions	30,308	(30,308)	-	-
<b>Total grants and contributions</b>	<u>1,248,387</u>	<u>476,743</u>	<u>1,725,130</u>	<u>751,336</u>
<b>Special events</b>				
Special events revenue	-	-	-	16,934
Less: cost of direct benefits to donors	-	-	-	(16,934)
<b>Net special events</b>	-	-	-	-
<b>Program service revenue</b>				
Rental income	1,596	-	1,596	-
Art and book sales	160	-	160	4,000
<b>Total program service revenue</b>	<u>1,756</u>	<u>-</u>	<u>1,756</u>	<u>4,000</u>
<b>Other income</b>				
Miscellaneous income	4,877	-	4,877	357
<b>Total other income</b>	<u>4,877</u>	<u>-</u>	<u>4,877</u>	<u>357</u>
<b>Total revenue and support</b>	<u>1,255,020</u>	<u>476,743</u>	<u>1,731,763</u>	<u>755,693</u>
<b>Expenses</b>				
<b>Program services</b>	1,163,124	-	1,163,124	346,320
<b>Supporting services</b>				
Management and general	80,483	-	80,483	66,591
Fundraising	135,187	-	135,187	65,877
<b>Total expenses</b>	<u>1,378,794</u>	<u>-</u>	<u>1,378,794</u>	<u>478,788</u>
<b>Change in net assets</b>	(123,774)	476,743	352,969	276,905
<b>Net assets - beginning of year</b>	405,345	35,057	440,402	\$ 163,497
<b>Net assets - end of year</b>	<u>\$ 281,571</u>	<u>\$ 511,800</u>	<u>\$ 793,371</u>	<u>\$ 440,402</u>

**PARTICIPANT, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
(With summarized comparative information for the year ended December 31, 2023)

	Supporting services			Cost of Direct Benefits to Donors	2024 Totals	2023 Totals
	Program Services	Management and General	Fundraising			
Grants expense	\$ 610,953	\$ -	\$ -	\$ -	\$ 610,953	\$ 9,617
Salaries	86,450	12,399	53,232	-	152,081	72,473
Occupancy	85,449	14,241	14,242	-	113,932	151,503
Artist and curatorial fees	106,903	520	-	-	107,423	62,830
Depreciation and amortization	79,740	13,290	13,290	-	106,320	4,032
Professional fees	18,469	31,722	30,400	-	80,591	97,252
Production and reproduction costs	36,808	-	-	-	36,808	10,883
Management expense	24,131	-	-	-	24,131	368
Meals	23,370	-	-	-	23,370	26,202
Travel and lodging	12,967	1,814	7,964	-	22,745	4,347
Materials	20,253	-	-	-	20,253	2,744
Payroll taxes	7,597	1,062	4,666	-	13,325	6,721
Insurance	7,231	1,166	1,863	-	10,260	17,311
Employee benefits	4,263	596	2,618	-	7,477	1,893
Equipment purchases	6,468	-	-	-	6,468	2,572
Other expenses	6,154	-	-	-	6,154	1,343
Equipment rental and repairs	4,729	-	-	-	4,729	-
Transportation	2,648	371	1,626	-	4,645	1,946
Telephone	2,219	310	1,363	-	3,892	3,957
Bank processing fees	1,903	496	1,168	-	3,567	2,184
Internet and web hosting costs	3,209	-	-	-	3,209	4,067
Postage and delivery	3,159	-	-	-	3,159	787
Payroll processing fees	1,759	246	1,080	-	3,085	2,754
Installation - crew	2,850	-	-	-	2,850	150
Office supplies	-	2,250	-	-	2,250	3,789
Fundraising expenses	-	-	1,675	-	1,675	-
Storage	1,472	-	-	-	1,472	1,944
Commission	-	-	-	-	-	-
Merchandise cost of goods sold	-	-	-	-	-	-
Graphic design	1,036	-	-	-	1,036	-
Documentation	550	-	-	-	550	-
Marketing and advertising	200	-	-	-	200	2,053
Publications	184	-	-	-	184	-
	<b>1,163,124</b>	<b>80,483</b>	<b>135,187</b>	<b>-</b>	<b>1,378,794</b>	<b>495,722</b>
Less expenses included with revenue on statement of activities						
Cost of direct benefits to donors	-	-	-	-	-	(16,934)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$ 1,163,124</b>	<b>\$ 80,483</b>	<b>\$ 135,187</b>	<b>\$ -</b>	<b>\$ 1,378,794</b>	<b>\$ 478,788</b>

**PARTICIPANT, INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2024**  
**(With summarized comparative information for the year ended December 31, 2023)**

	<u>2024</u>	<u>2023</u>
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 352,969	\$ 276,905
<i>Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:</i>		
Depreciation and amortization	106,320	4,032
Discount on grants and contributions receivable	(346)	-
(Increase) decrease in operating assets:		
Grants and contributions receivable	(498,473)	53,400
Loans to individuals	5,379	(18,651)
Prepaid expenses and other assets	562	14,780
Security deposits	-	(60,000)
Right-of-use asset	104,684	(226,137)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	34,121	1,950
Due to fiscally sponsored projects	(133,111)	116,000
Lease liabilities	(123,787)	258,089
Total adjustments	<u>(504,651)</u>	<u>143,463</u>
<b>Net cash (used in) provided by operating activities</b>	<u>(151,682)</u>	<u>420,368</u>
<b>Cash flows from investing activities:</b>		
Purchase of property and equipment	(41,487)	(193,893)
<b>Net cash used in investing activities</b>	<u>(41,487)</u>	<u>(193,893)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from loans payable - related parties	46,175	56,660
Repayments of loans payable - related parties	(45,800)	(79,844)
<b>Net cash provided by (used in) financing activities</b>	<u>375</u>	<u>(23,184)</u>
<b>Net (decrease) increase in cash and cash equivalents</b>	(192,794)	203,291
<b>Cash and cash equivalents, beginning of year</b>	308,647	105,356
<b>Cash and cash equivalents, end of year</b>	<u><u>\$ 115,853</u></u>	<u><u>\$ 308,647</u></u>
<b>Supplemental disclosures of cash flow information:</b>		
Cash paid during the year for:		
Interest	\$ -	\$ -
Income taxes	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

**PARTICIPANT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**1) 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 contributions from foundations, government, and individuals.

**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*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, 2024.

*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, 2024**

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**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*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. Leasehold improvements are amortized over the lesser of the remaining term of the lease or the useful life of the improvement utilizing the straight-line method. 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	3 or remaining lease term, whichever is shorter
Equipment	5

*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 financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Organization. Therefore, these expenses require allocation on a reasonable basis consistently applied. The expenses that are allocated include salaries, payroll taxes, employee benefits, payroll processing fees, transportation, travel and lodging, telephone, professional fees, a portion of bank service charges and insurance, which are allocated on the basis of estimates of time and effort, as well as occupancy, depreciation and amortization, and building insurance, which are allocated based on square-footage usage.

**PARTICIPANT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**2) 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. A portion of grant revenue is derived from cost-reimbursable government 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 expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as grant advance in the statement of financial position. 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 Nonfinancial Assets* – The value of services, facilities, and non-capitalized equipment donated is recorded as contributions with or without donor restrictions and expensed in the year donated. These contributions are valued at the estimated fair value of similar services and materials. 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.

*Special Events* – The exchange element of special events is recognized as special events revenue equal to the fair value of direct benefits to donors when the special event takes place or if the fair value amount is impracticable to obtain, the actual cost or non-tax deductibility is used. The excess amount is the contribution element, which is recognized immediately, unless there is a right of return if the special event does not take place.

*Costs of Direct Benefits to Donors* – The cost of the items and services furnished to donors as inducements to attend the Organization's special events are presented in their natural expense classification in the statement of functional expenses and backed out so that it is shown as a deduction from special events revenue on the statement of activities.

**PARTICIPANT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*Revenue, Revenue Recognition, and Receivables (cont'd)*

*Art and Book Sales* – Art and book sales are recognized when control over art and books is transferred to the 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 for credit losses method to determine uncollectible accounts receivable. The allowance is based on prior years’ experience and management’s analysis of specific accounts receivable.

*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 those 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.

*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.

**PARTICIPANT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*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 Forms 990, *Return of Organizations Exempt from Income Tax*, for the years ended December 31, 2023, 2022, and 2021 are subject to examination by the Internal Revenue Service, generally for three years after they were filed.

The Organization has evaluated its current tax positions and has concluded that as of December 31, 2024, the Organization does not have any significant uncertain tax positions for which a reserve would be necessary.

*Allowance for Credit Losses*

The Organization operates in the nonprofit industry, and its accounts receivable are primarily derived from program service revenues. At each statement of financial position date, the Organization recognizes an expected allowance for credit losses. In addition, also at each reporting date, this estimate is updated to reflect any changes in credit risk since the receivable was initially recorded. The allowance estimate is derived from a review of the Organization's historical losses based on the aging of receivables. This estimate is adjusted for management's assessment of current conditions, reasonable and supportable forecasts regarding future events, and any other factors deemed relevant by the Organization. The Organization believes historical loss information is a reasonable starting point in which to calculate the expected allowance for credit losses as the Organization's portfolio segment(s) have remained constant since the Organization's inception. As of December 31, 2024, no allowance for credit losses has been recognized.

The Organization writes off receivables when information indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or an offset to credit loss expense in the year of recovery, in accordance with the entity's accounting policy election. There were no write-offs to the financial statements for the year ended December 31, 2024.

*Comparative Data*

The amounts shown for the year ended December 31, 2023 in the accompanying financial statements are included to provide a basis for comparison with 2024 and present summarized totals only. Accordingly, the 2023 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, 2023, from which the summarized information was derived.

**PARTICIPANT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2024**

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**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term. As of December 31, 2024, the Organization applied the practical expedient for short-term lease arrangements.

Recent Accounting Pronouncements

On December 13, 2023, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2023-08, *Intangibles—Goodwill and Other—Crypto Assets (Subtopic 350-60): Accounting for and Disclosure of Crypto Assets*. The amendments in ASU 2023-08 require that the Organization measure crypto assets at fair value in the statement of financial position each reporting period and recognize changes from remeasurement in net income. The amendments also require that the Organization provide enhanced disclosures for both annual and interim reporting periods to provide financial statement users with relevant information to analyze and assess the exposure and risk of significant individual crypto asset holdings. In addition, fair value measurement aligns the accounting required for holders of crypto assets with the accounting for entities that are subject to certain industry-specific guidance (such as investment companies) and eliminates the requirement to test those assets for impairment. The amendments in ASU 2023-08 are effective for all organizations for fiscal years beginning after December 15, 2024, including interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance.

On December 14, 2023, the FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. The amendments in ASU 2023-09 require greater disaggregation of income tax disclosures related to the income tax rate reconciliation and income taxes paid. In addition, the amendments require: (1) disclosure of income (or loss) from continuing operations before income tax expense (or benefit) disaggregated between domestic and foreign; and (2) disclosure of income tax expense (or benefit) from continuing operations disaggregated by federal (national), state, and foreign. There are also disclosure requirements that are to be eliminated upon adoption of the amendments. For entities other than public business entities, the amendments are effective for annual periods beginning after December 15, 2025. Early adoption is permitted for annual financial statements that have not yet been issued or made available for issuance. The amendments are to be applied on a prospective basis and retrospective application is permitted.

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

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**2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

*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.

**3) 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, 2024, no investments at fair value are noted in the statement of financial position.

**4) GRANTS AND CONTRIBUTIONS RECEIVABLE**

Grants and contributions receivable at December 31, 2024 consists of the following:

Andrew Mellon Foundation	\$ 400,000
Teiger Foundation	100,000
National Endowment for the Arts	24,968
Harriet Ames Charitable Foundation	<u>5,000</u>
	529,968
Less: discount to present value	<u>6,149</u>
	<u>\$ 523,819</u>

Grants and contributions receivable are due as follows:

Within one year after December 31, 2024	\$ 479,968
More than one year after December 31, 2024	<u>50,000</u>
	529,968
Less: discount to present value	<u>6,149</u>
	<u>\$ 523,819</u>

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**4) GRANTS AND CONTRIBUTIONS RECEIVABLE (CONT'D)**

The Organization believes its receivables to be fully collectible; accordingly, no allowance for doubtful accounts was recorded for the year then ended. Grants and contributions receivable for periods after one year are discounted to net present value using a discount rate of approximately 4%.

**5) 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	\$ 115,853	\$ 17,949	\$ 97,904
Grants and contributions receivable	523,819	493,851	29,968
Loan to individual	<u>13,272</u>	<u>-</u>	<u>13,272</u>
Total	<u>\$ 652,944</u>	<u>\$ 511,800</u>	<u>\$ 141,144</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.

**6) PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment less accumulated depreciation and amortization as of December 31, 2024. Depreciation and amortization for the year then ended was \$106,320.

Leasehold improvements	\$ 344,831
Equipment	<u>46,764</u>
	391,595
Less: accumulated depreciation and amortization	<u>251,378</u>
	<u>\$ 140,217</u>

In 2023, the Organization started the construction of various leasehold improvements within its new office space. The construction project was completed and became ready for use on February 20, 2024.

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**7) LOANS TO INDIVIDUALS**

In 2024, the Organization loaned a total of \$13,272 to various individuals. These loans are unsecured, non-interest-bearing, and have no specific repayment terms. As of December 31, 2024, all outstanding loan balances are considered due and demandable.

**8) RELATED PARTY TRANSACTIONS – LOANS PAYABLE**

In 2024, the Organization received \$46,175 in loan proceeds from related parties and repaid \$45,800. As of December 31, 2024, \$1,632 in related-party loans payable was due and outstanding to the Organization's founder. These loans are unsecured, non-interest-bearing, and have no specific repayment terms. Accordingly, all outstanding loan balances are considered due and demandable as of December 31, 2024.

**9) NET ASSETS WITH DONOR RESTRICTIONS**

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

Subject to expenditure for specified purpose:

Coalition of Small Arts NYC	\$ 400,000
Three-year program support	93,851
Programs for early-career artists residing in New York City and/or Minnesota	13,200
Thank God for Abortion	4,339
Curatorial Research Fellowship	<u>410</u>
Total	<u>\$ 511,800</u>

Net assets were released from donor restrictions by the occurrence of the passage of time or incurring expenses satisfying the restricted purpose specified by the donors as follows for the year ended December 31, 2024:

Subject to the passage of time:

For the periods after December 31, 2023	<u>\$ 20,000</u>
Satisfaction of purpose restrictions:	
Curatorial Research Fellowship	<u>10,308</u>
Total	<u>\$ 30,308</u>

**10) MARKETING AND ADVERTISING COSTS**

For the year ended December 31, 2024, marketing and advertising costs totaled \$200.

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**11) DISAGGREGATION 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, 2024:

Revenue recognized at a point in time:	
Rental income	\$ 1,596
Art and book sales (gross)	<u>160</u>
Total revenue recognized at a point in time:	1,756
Total revenue from contracts with customers	<u>\$ 1,756</u>

**12) 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</u> <u>Received</u> <u>During Year</u>	<u>Paid</u> <u>During Year</u>
Andrew Mellon Foundation	\$ 600,000	\$ 600,000
Morgan Bassichis and Art Matters Award	20,000	20,000
Jacob Korczynski	-	<u>10,308</u>
	<u>\$ 620,000</u>	<u>\$ 630,308</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</u> <u>During Year</u>	<u>Amount</u> <u>Due (Receivable)</u>
Coalition	\$ 132,000	\$ (1,000)
Soft Network	68,000	-
Erick B Hughes	20,000	-
Executive Care Program	11,000	-
Jonathan Berger	5,067	-
Arison Arts Foundation	-	<u>4,889</u>
	<u>\$ 236,067</u>	<u>\$ 3,889</u>

**13) 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, 2024, 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.

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**13) CONCENTRATION OF RISK (CONT'D)**

During the year ended December 31, 2024, approximately 75% of the Organization's total grants and contributions were received from two foundation donors. As of December 31, 2024, 76% of the grants and contributions receivable is from one foundation donor. The concentration from the contributors does not make the Organization vulnerable to a risk of severe near-term impact because the Organization only spends money according to the amount received from the contributors and other revenue.

**14) LEASE COMMITMENTS**

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from the leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The Organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The discount rates applied to calculate lease liabilities at lease commencement as of February 16, 2023 was 4.35%. As of February 16, 2023, the weighted-average remaining lease term for the Organization's operating leases was approximately 3 years.

The Organization's extended rent concession on its leased office space in New York City expired on February 28, 2023.

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. The agreement contains rental payments of \$120,000 per annum with an increase of greater of 3% per annum or "CPI factor" capped at 6%. The rent will be paid in 12 equal monthly installments in advance on the first day of each month. The organization was granted a concession and shall not be required to pay the base rent for the period commencing March 1, 2023 to June 30, 2023. This concession is valued at \$40,000.

Occupancy expenses for the year ended December 31, 2024 totaled \$113,932.

The movement of right-of-use assets and lease liabilities during the year ended December 31, 2024 are as follows:

	<u>Right-of-use assets</u>	<u>Lease liabilities</u>
Balance, January 1, 2024	\$ 226,137	\$ 258,089
Lease payments	-	(123,410)
Amortization	(98,478)	
Interest	-	8,572
Remeasurement	(6,205)	(8,949)
Balance, December 31, 2024	<u>\$ 121,454</u>	<u>\$ 134,302</u>

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**14) LEASE COMMITMENTS (CONT'D)**

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

December 31,	
2025	\$ 127,122
2026	<u>10,619</u>
	137,742
Less: unamortized discount	<u>3,440</u>
Present value of lease liabilities	<u>\$ 134,302</u>

**15) SUBSEQUENT EVENTS**

Management has evaluated subsequent events through March 13, 2026, which is the date the financial statements were available to be issued. Management is not aware of any material subsequent events.