

PARTICIPANT, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2023
WITH SUMMARIZED COMPARATIVE INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2022

PARTICIPANT, INC.
TABLE OF CONTENTS
DECEMBER 31, 2023
(With Summarized Comparative Information for the year ended December 31, 2022)

	Page No.
INDEPENDENT ACCOUNTANT’S REVIEW REPORT	1-2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-17

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, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, as of and for the year ended December 31, 2023, Participant, Inc. adopted Financial Accounting Standards Board Accounting Standards Codification 326, *Financial Instruments – Credit Losses*, using the effective transition method. Our opinion is not modified with respect to this matter.

Summarized Comparative Information

We previously reviewed Participant, Inc.'s 2022 financial statements and in our conclusion dated November 14, 2023, stated that based on our review, we were not aware of any material modifications that should be made to the 2022 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, 2022, for it to be consistent with the reviewed financial statements from which it has been derived.

Rich and Bander, LLP

New York, NY
November 15, 2024

PARTICIPANT, INC.
STATEMENT OF FINANCIAL POSITION
AS OF DECEMBER 31, 2023

(With summarized comparative information for the year ended December 31, 2022)

ASSETS	2023	2022
Current assets		
Cash and cash equivalents	\$ 308,647	\$ 105,356
Grants and contributions receivable	25,000	78,400
Loans to individuals	18,651	-
Prepaid expenses and other assets	2,313	17,093
Total current assets	354,611	200,849
Noncurrent assets		
Right-of-use asset, net	226,137	-
Property and equipment, net	205,050	15,189
Security deposits	60,000	-
Total noncurrent assets	491,187	15,189
TOTAL ASSETS	\$ 845,798	\$ 216,038
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued expenses	\$ 9,050	\$ 7,100
Loans payable - related party	1,257	24,441
Lease liabilities	114,119	-
Due to fiscally sponsored projects	137,000	21,000
Total current liabilities	261,426	52,541
Noncurrent liabilities		
Lease liabilities	143,970	-
Total noncurrent liabilities	143,970	-
TOTAL LIABILITIES	405,396	52,541
Net assets		
Without donor restrictions	405,345	(5,727)
With donor restrictions	35,057	169,224
TOTAL NET ASSETS	440,402	163,497
TOTAL LIABILITIES AND NET ASSETS	\$ 845,798	\$ 216,038

See accompanying notes and independent accountant's review report.

PARTICIPANT, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With summarized comparative information for the year ended December 31, 2022)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Totals</u>	<u>2022 Totals</u>
Revenue and support				
Grants and contributions				
Foundations	\$ 420,500	\$ 20,000	\$ 440,500	\$ 447,150
Individuals	196,393	-	196,393	164,343
Government	91,050	-	91,050	79,100
Special events contributions	23,393	-	23,393	-
Net assets released from restrictions	154,167	(154,167)	-	-
Total grants and contributions	885,503	(134,167)	751,336	690,593
Special events				
Special events revenue	16,934	-	16,934	-
Less: cost of direct benefits to donors	(16,934)	-	(16,934)	-
Net special events	-	-	-	-
Other income				
Art and book sales	4,000	-	4,000	135
Miscellaneous income	357	-	357	9,700
Total other income	4,357	-	4,357	9,835
Total revenue and support	889,860	(134,167)	755,693	700,428
Expenses				
Program services	346,320	-	346,320	459,570
Supporting services				
Management and general	66,591	-	66,591	70,767
Fundraising	65,877	-	65,877	32,593
Total expenses	478,788	-	478,788	562,930
Change in net assets	411,072	(134,167)	276,905	137,498
Net assets - beginning of year	(5,727)	169,224	163,497	\$ 25,999
Net assets - end of year	\$ 405,345	\$ 35,057	\$ 440,402	\$ 163,497

PARTICIPANT, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(With summarized comparative information for the year ended December 31, 2022)

	Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	2023 Totals	2022 Totals
Occupancy	\$ 108,712	\$ 18,119	\$ 18,118	\$ 6,554	\$ 151,503	\$ 158,105
Professional fees	49,492	20,311	27,449	-	97,252	30,704
Salaries	42,241	16,691	13,541	-	72,473	50,230
Artist and curatorial fees	62,830	-	-	-	62,830	148,232
Meals	17,754	-	-	8,448	26,202	18,016
Insurance	13,050	2,064	2,197	-	17,311	10,350
Production and reproduction costs	10,883	-	-	-	10,883	27,010
Management expense	9,985	-	-	-	9,985	36,014
Payroll taxes	3,917	1,548	1,256	-	6,721	4,499
Travel and lodging	2,534	1,001	812	-	4,347	1,878
Internet and web hosting costs	4,067	-	-	-	4,067	5,781
Depreciation and amortization	3,024	504	504	-	4,032	10,191
Telephone	2,307	911	739	-	3,957	2,534
Other expenses	3,915	-	-	-	3,915	8,481
Office supplies	-	3,750	-	39	3,789	6,267
Payroll processing fees	1,605	634	515	-	2,754	-
Materials	2,744	-	-	-	2,744	32,042
Bank processing fees	1,192	610	382	-	2,184	1,820
Marketing and advertising	2,053	-	-	-	2,053	1,754
Transportation	1,134	448	364	-	1,946	1,731
Storage	1,944	-	-	-	1,944	1,098
Benefit expenses	-	-	-	1,893	1,893	2,704
Postage and delivery	787	-	-	-	787	2,089
Installation - crew	150	-	-	-	150	-
Equipment rental and repairs	-	-	-	-	-	1,050
Commission	-	-	-	-	-	350
	<u>\$ 346,320</u>	<u>\$ 66,591</u>	<u>\$ 65,877</u>	<u>\$ 16,934</u>	<u>\$ 495,722</u>	<u>\$ 562,930</u>
Less expenses included with revenue on statement of activities						
Cost of direct benefits to donors	-	-	-	(16,934)	(16,934)	(16,934)
Total expenses included in the expense section on the statement of activities	<u>\$ 346,320</u>	<u>\$ 66,591</u>	<u>\$ 65,877</u>	<u>\$ -</u>	<u>\$ 478,788</u>	<u>\$ 545,996</u>

PARTICIPANT, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023
(With summarized comparative information for the year ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities:		
Change in net assets	\$ 276,905	\$ 137,498
<i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i>		
Depreciation and amortization	4,032	10,191
(Increase) decrease in operating assets:		
Grants and contributions receivable	53,400	(73,400)
Loans to individuals	(18,651)	7,500
Prepaid expenses and other assets	14,780	(5,602)
Security deposits	(60,000)	-
Right-of-use asset	(226,137)	-
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	1,950	1,000
Due to fiscally sponsored projects	116,000	(20,094)
Lease liabilities	258,089	-
Total adjustments	<u>143,463</u>	<u>(80,405)</u>
Net cash provided by operating activities	<u>420,368</u>	<u>57,093</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(193,893)</u>	<u>(7,000)</u>
Net cash used in investing activities	<u>(193,893)</u>	<u>(7,000)</u>
Cash flows from financing activities:		
Proceeds from loans payable - related parties	56,660	96,845
Repayments of loans payable - related parties	<u>(79,844)</u>	<u>(73,945)</u>
Net cash used in financing activities	<u>(23,184)</u>	<u>22,900</u>
Net increase in cash and cash equivalents	203,291	72,993
Cash and cash equivalents, beginning of year	105,356	32,363
Cash and cash equivalents, end of year	<u><u>\$ 308,647</u></u>	<u><u>\$ 105,356</u></u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ -</u>	<u>\$ -</u>
Income taxes	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes and independent accountant's review report.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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, 2023.

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, 2023

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 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	Lease term
Equipment	5

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, 2023

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, 2023

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 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.

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, 2022, 2021, and 2020 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, 2023, 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, 2023

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

Adoption of Accounting Standards

In June 2016, the Financial Accounting Standards Board (“FASB”) issued guidance FASB Accounting Standards Codification (“ASC”) 326, *Financial Instruments – Credit Losses*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity’s exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 were trade accounts receivables. Grants and contributions receivable (under contribution model) are scoped out of FASB ASC 326. The application of the new standard is effective for fiscal years beginning after December 15, 2022, including interim periods within fiscal years beginning after December 15, 2022. On January 1, 2023, the Organization adopted FASB ASC 326. The impact of the adoption was not considered material to the financial statements and primarily resulted in new/enhanced disclosures only.

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 at December 31, 2023, the Organization applied practical expedient for short term lease arrangements.

Allowance for Credit Losses

The Organization operates in the nonprofit industry and its accounts receivables 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, 2023, no allowance for credit losses has been recognized.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Allowance for Credit Losses (Cont'd)

The Organization writes off receivables when there is information that 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, 2023

Recent Accounting Pronouncements

On December 13, 2023, the FASB issued 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.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

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

Comparative Data

The amounts shown for the year ended December 31, 2022 in the accompanying financial statements are included to provide a basis for comparison with 2023 and present summarized totals only. Accordingly, the 2022 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, 2022, from which the summarized information was derived.

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, 2023, no investments at fair value are noted in the statement of financial position.

3) GRANTS AND CONTRIBUTIONS RECEIVABLE

Grants and contributions receivable at December 31, 2023 consists of the following:

Via Art Fund	\$ 20,000
Robert Rauschenberg Foundation	<u>5,000</u>
Total	<u>\$ 25,000</u>

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.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

4) 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	\$ 308,647	\$ 15,057	\$ 293,590
Grants and contributions receivable	25,000	-	25,000
Loan to individual	<u>18,651</u>	<u>-</u>	<u>18,651</u>
Total	<u>\$ 352,298</u>	<u>\$ 15,057</u>	<u>\$ 337,241</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.

5) PROPERTY AND EQUIPMENT

The following is a summary of property and equipment less accumulated depreciation and amortization as of December 31, 2023. Depreciation and amortization for the year then ended was \$4,032.

Leasehold improvements	\$ 303,343
Equipment	<u>46,764</u>
	350,107
Less: accumulated depreciation and amortization	<u>145,057</u>
	<u>\$ 205,050</u>

During 2023, the Organization started the construction of various leasehold improvements within its new office space. The construction project is expected to be completed and ready for use in February 20, 2024.

6) LOANS TO INDIVIDUALS

In 2023, the Organization loaned a total of \$18,651 to various individuals. These loans are unsecured, non-interest bearing and have no specific repayment terms.

7) RELATED PARTY TRANSACTIONS – LOANS PAYABLE

In 2023, the Organization received a \$56,660 in loan proceeds and repaid a total of \$79,844 to related parties. As of December 31, 2023, a total of \$1,257 in related party loans payable was due and outstanding to the founder of the Organization. These loans are unsecured, non-interest bearing and have no specific repayment terms.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

8) NET ASSETS WITH DONOR RESTRICTIONS

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

Subject to the passage of time:	
For periods after December 31,2023	<u>\$ 20,000</u>
Subject to purpose restriction:	
Curatorial Research Fellowship	10,718
Thank God for Abortion	<u>4,339</u>
	15,057
Total	<u>\$ 35,057</u>

Net assets were released from donor restrictions by 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, 2023:

Satisfied for specific restrictions:	
Building fund	\$ 60,000
Program support	50,000
Visual arts program	24,750
Participant at After Dark	14,800
Thank God for Abortion	3,000
Curatorial Research Fellowship	<u>1,617</u>
Total	<u>\$ 154,167</u>

9) 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, 2023:

Revenue recognized at a point in time:	
Special events revenue (exchange portion)	\$ 16,934
Art and book sales (gross)	<u>4,000</u>
Total revenue recognized at a point in time:	20,934
Total revenue from contracts with customers	<u>\$ 20,934</u>

10) MARKETING AND ADVERTISING COSTS

For the year ended December 31, 2023, marketing and advertising costs totaled \$2,053.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

11) 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, travel and lodging, transportation, telephone, and payroll processing fees, which are allocated on the basis of estimates of time and effort, and occupancy, insurance, and depreciation, which are allocated on the basis of square footage.

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 Received During Year</u>	<u>Paid During Year</u>
Thank God for Abortion	\$ 5,000	\$ 8,000
Jacob Korczynski	-	1,617
	<u>\$ 5,000</u>	<u>\$ 9,617</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	\$ 24,000	\$ 131,000
Erick B Hughes	20,000	20,000
Executive Care Program	-	1,000
In Our Backyards	19,677	-
Jonathan Berger	19,447	-
Arison Arts Foundation	30,000	(15,000)
	<u>\$ 113,124</u>	<u>\$ 137,000</u>

13) 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.

PARTICIPANT, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023

13) LEASE COMMITMENTS (CONT'D)

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, 2023 totaled \$151,503.

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

December 31,	
2024	\$ 123,410
2025	127,122
2026	<u>10,619</u>
	<u>\$ 261,151</u>

14) 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, 2023, uninsured balances amounted to \$54,737. 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, 2023, approximately 58% of the Organization's total grants and contributions was received from one foundation donor and one individual donor. As of December 31, 2023, approximately 80% of the grants and contributions receivable is from one 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.

15) SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 15, 2024, which is the date the financial statements were available to be issued. Management is not aware of any material subsequent events.