



AUDITED  
FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

# BAYarts

## INDEX

DECEMBER 31, 2024

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
BAYarts

### **Opinion**

We have audited the accompanying financial statements of BAYarts, 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 BAYarts as of December 31, 2024 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **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 BAYarts 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 opinion.

### **Responsibilities of Management 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 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 BAYarts' 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, including omissions, 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 BAYarts' 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, on our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about BAYarts' 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 matters that we identified during the audit.

#### **Report on Summarized Comparative Information**

We previously audited BAYarts' financial statements, and in our report dated June 6, 2024, we expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Cleveland, Ohio  
June 21, 2025

*H&J*  
*Certified Public Accountants*

**BAYarts**

## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024

(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)

ASSETS	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2024	2023
<b>CURRENT ASSETS</b>				
Cash, Cash Equivalents and Restricted Cash	\$ 42,609	\$ 125,924	\$ 168,533	\$ 453,683
Accounts Receivable	-	-	-	13,280
Prepaid Expenses	1,750	-	1,750	-
Total Current Assets	<u>44,359</u>	<u>125,924</u>	<u>170,283</u>	<u>466,963</u>
<b>FIXED ASSETS</b>	1,575,810	-	1,575,810	1,413,091
<b>INVESTMENTS</b>	<u>27,207</u>	<u>-</u>	<u>27,207</u>	<u>24,249</u>
Total Assets	<u>\$ 1,647,376</u>	<u>\$ 125,924</u>	<u>\$ 1,773,300</u>	<u>\$ 1,904,303</u>
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT LIABILITIES</b>				
Accounts Payable and Accrued Expenses	\$ 37,518	\$ -	\$ 37,518	\$ 126,558
Deferred Revenue	45,447	-	45,447	30,001
Deposits	650	-	650	650
Total Current Liabilities	<u>83,615</u>	<u>-</u>	<u>83,615</u>	<u>157,209</u>
<b>NET ASSETS</b>				
Without Donor Restrictions:				
Operating	1,536,554	-	1,536,554	1,580,275
Board-Designated	27,207	-	27,207	24,249
With Donor Restrictions	<u>-</u>	<u>125,924</u>	<u>125,924</u>	<u>142,570</u>
Total Net Assets	<u>1,563,761</u>	<u>125,924</u>	<u>1,689,685</u>	<u>1,747,094</u>
Total Liabilities and Net Assets	<u>\$ 1,647,376</u>	<u>\$ 125,924</u>	<u>\$ 1,773,300</u>	<u>\$ 1,904,303</u>

See accompanying notes.

**BAYarts**

## STATEMENTS OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)

	WITHOUT DONOR RESTRICTIONS	WITH DONOR RESTRICTIONS	2024	2023
PUBLIC SUPPORT AND REVENUE				
PUBLIC SUPPORT				
Grants and Contributions	\$ 163,375	\$ 58,388	\$ 221,763	\$ 359,440
Donated Services and Material	129,523	-	129,523	112,391
Special Events, Net	76,834	-	76,834	62,345
Interest Income	2,538	-	2,538	95
Net Assets Released from Restrictions	75,034	(75,034)	-	-
	<u>447,304</u>	<u>(16,646)</u>	<u>430,658</u>	<u>534,271</u>
REVENUE				
Educational Programming	478,173	-	478,173	483,067
Gallery and Shop	121,489	-	121,489	151,537
Rental Income and Other	72,490	-	72,490	80,320
	<u>672,152</u>	<u>-</u>	<u>672,152</u>	<u>714,924</u>
TOTAL PUBLIC SUPPORT AND REVENUE	1,119,456	(16,646)	1,102,810	1,249,195
EXPENSES				
Programs	988,617	-	988,617	949,682
Management and General	96,325	-	96,325	113,207
Fundraising	78,235	-	78,235	46,880
	<u>1,163,177</u>	<u>-</u>	<u>1,163,177</u>	<u>1,109,769</u>
CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES	(43,721)	(16,646)	(60,367)	139,426
NON-OPERATING ACTIVITIES	-			
Investment Gain, Net	2,958	-	2,958	1,385
CHANGE IN NET ASSETS	(40,763)	(16,646)	(57,409)	140,811
NET ASSETS - BEGINNING OF YEAR	<u>1,604,524</u>	<u>142,570</u>	<u>1,747,094</u>	<u>1,606,283</u>
NET ASSETS - Ending	<u>\$ 1,563,761</u>	<u>\$ 125,924</u>	<u>\$ 1,689,685</u>	<u>\$ 1,747,094</u>

See accompanying notes.

**BAYarts**

## STATEMENTS OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)

	PROGRAM	MANAGEMENT AND GENERAL	FUND RAISING	2024	2023
EXPENSES					
Salaries	\$ 215,009	\$ 79,564	\$ 64,929	\$ 359,502	\$ 275,555
Payroll Taxes	17,509	6,480	5,276	29,265	27,497
Fringe Benefits	3,991	1,477	1,203	6,671	6,540
	<u>236,509</u>	<u>87,521</u>	<u>71,408</u>	<u>395,438</u>	<u>309,592</u>
Contracted Instructors	177,677	-	-	177,677	171,570
Facility Expense	105,809	2,182	1,090	109,081	68,694
Utilities	60,854	1,255	627	62,736	53,324
Depreciation	58,083	1,198	599	59,880	58,131
Marketing and Advertising	55,865	-	2,940	58,805	52,128
Shop Expense	51,077	-	-	51,077	110,261
Education Supplies	47,982	-	-	47,982	45,208
Rent-Related Expense	38,016	-	-	38,016	46,004
Insurance	29,980	1,026	-	31,006	16,709
Gallery Expense	29,495	-	-	29,495	96,519
Office Expense	25,059	2,948	1,473	29,480	30,817
Credit Card and Bank Charges	29,146	-	-	29,146	29,741
Outside Contractors	18,633	-	-	18,633	-
Professional Fees	14,954	-	-	14,954	5,198
Equipment Rental and Maintenance	9,478	195	98	9,771	15,873
	<u>988,617</u>	<u>96,325</u>	<u>78,235</u>	<u>1,163,177</u>	<u>1,109,769</u>
TOTAL EXPENSES	\$ 988,617	\$ 96,325	\$ 78,235	\$ 1,163,177	\$ 1,109,769

See accompanying notes.

**BAYarts**

## STATEMENTS OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2024  
(WITH SUMMARIZED COMPARATIVE TOTALS FOR 2023)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (57,409)	\$ 140,811
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Unrealized Gain on Investments	(2,958)	(884)
Depreciation	59,880	58,131
Capitalized In-Kind Services and Material	(129,044)	(112,391)
Other Donated Services	(479)	-
Changes in:		
Accounts Receivable	13,280	(9,280)
Prepaid Expenses	(1,750)	-
Accounts Payable and Accrued Expenses	(15,018)	37,175
Deferred Revenue	15,446	(1,931)
Total Adjustments	<u>(60,643)</u>	<u>(29,180)</u>
Cash (Used by) Provided by Operating Activities	(118,052)	111,631
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	-	(10,000)
Capital Expenditures	(167,098)	(318,958)
Cash Used by Investing Activities	<u>(167,098)</u>	<u>(328,958)</u>
Net Decrease in Cash and Cash Equivalents	(285,150)	(217,327)
Cash, Cash Equivalents and Restricted Cash - Beginning of Year	<u>453,683</u>	<u>671,010</u>
Cash, Cash Equivalents and Restricted Cash - End of Year	<u>\$ 168,533</u>	<u>\$ 453,683</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Operating Cash	\$ 116,876	\$ 336,474
Restricted for Capital Campaign	51,657	117,209
	<u>\$ 168,533</u>	<u>\$ 453,683</u>
Construction in Process in Accounts Payable	<u>\$ -</u>	<u>\$ 74,022</u>

See accompanying notes.

## BAYarts

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

#### 1. NATURE OF THE ORGANIZATION

The mission of BAYarts is to provide a welcoming lakeside environment to stimulate, encourage and support professional and aspiring artists of all ages through collaboration, education and exhibition.

BAYarts is in the Huntington Reservation in Cleveland Metroparks, located in Bay Village, Ohio near the border of Cuyahoga and Lorain Counties. BAYarts campus includes the John Huntington House, the Irene Lawrence Fuller House, the Station House subleased by Chatty's Pizzeria, the former Huntington Playhouse, and an historic caboose. The 100-acre park, known as the Huntington Reservation, was formerly the summer estate of John Huntington, inventor, industrialist and key founder of the Cleveland Art Museum. It was purchased by the Cleveland Metroparks in 1925 and became the home of Baycrafter's (the predecessor to BAYarts) in 1962.

BAYarts' primary purpose is to offer high quality visual arts education programming in a variety of mediums for preschoolers to adults and to engage the community through free cultural events including rotating gallery exhibitions in three galleries, a summer art and music festival, a summer concert and performance series and a seasonal weekly farm+art market.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### BASIS OF PRESENTATION

The financial statements of BAYarts have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America.

BAYarts classifies its net assets and revenues, expenses, gains and losses on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of BAYarts and changes therein are classified as follows:

Net assets without donor restrictions: Net assets are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of BAYarts. BAYarts board may designate assets without restrictions for specific operational purposes from time to time.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of BAYarts or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

##### SUMMARIZED FINANCIAL INFORMATION

The financial statements include certain prior year summarized comparative information in total but not by net asset category. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with BAYarts' financial statements for the year ended December 31, 2023, from which the summarized information was derived.

Certain amounts in the prior-year summarized comparative information have been reclassified to be consistent with the presentation in the current-year financial statements. These classifications had no impact on changes in net assets as previously presented.

##### USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

## BAYarts

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

#### CASH AND CASH EQUIVALENTS/CONCENTRATION OF RISK

Cash accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 for all combined deposits at the same bank. BAYarts has not experienced losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. Cash equivalents are highly liquid investments with an original maturity of three months or less at the date of purchase. Because of the short maturity of these financial instruments, the carrying value approximates the fair value.

Primarily all of BAYarts' revenues and receivables are from donors, patrons and agencies located in northeastern Ohio.

BAYarts also invests funds in a professionally managed portfolio that contains various securities. Such investments are exposed to various risks, such as fluctuations in market value and credit risk. The investment balances reported in the accompanying financial statements may not be reflective of the portfolio's value during subsequent periods.

#### ACCOUNTS RECEIVABLE

Accounts receivable consist primarily of amounts due from various sources and are stated at the amount management expects to collect from outstanding balances. Based on management's assessment of the credit history with clients and grantors having outstanding balances and current relationships with them, an allowance for doubtful accounts was not considered necessary at year-end. Accounts receivable were deemed fully collectible.

#### FAIR VALUE MEASUREMENTS

Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). BAYarts groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

These levels are:

- |         |  |
|---------|--|
| Level 1 | Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.  |
| Level 2 | Other observable inputs, either directly or indirectly, including: <ul style="list-style-type: none"> <li>• Quoted prices for similar assets/liabilities in active markets;</li> <li>• Quoted prices for identical or similar assets in non-active markets;</li> <li>• Inputs other than quoted prices that are observable for the asset/liability; and,</li> <li>• Inputs that are derived principally from or corroborated by other observable market data.</li> </ul> |
| Level 3 | Unobservable inputs that cannot be corroborated by observable market data.   |

## BAYarts

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

#### FIXED ASSETS

Costs of fixed assets are charged against income over their estimated useful lives using straight line methods for financial reporting purposes. The policy of BAYarts is to capitalize personal property purchases over \$5,000 and real property purchases over \$10,000. The estimated useful lives are as follows:

- Facilities under License Agreement – 15 to 39 years
- Furniture and Fixtures – 5 to 10 years

Repairs and maintenance, which are not considered betterments and do not extend the useful life of property, are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting profit or loss is reflected in income.

#### COMPENSATED ABSENCES

Employees of BAYarts are entitled to paid vacations, sick days and personal days off depending on job classification, length of service and other factors. BAYarts' policy is to recognize the costs of compensated absences when actually paid to employees. The effect of this method instead of accruing these costs is minimal in 2024 and 2023.

#### DEFERRED REVENUE

BAYarts records deferred revenue for class fees and event rental deposits received for the following year. Rental deposits on cancelled events are non-refundable. Deferred revenue also includes unredeemed gift certificates which have no expiration date.

#### REVENUE AND REVENUE RECOGNITION

BAYarts recognizes contributions, including unconditional promises to give, when received or verifiably committed, at fair value. Contributions are reported as either without donor restriction or with donor restriction depending on the existence and nature of donor stipulations. Donor-restricted contributions that are satisfied in the same reporting period are reported as support without donor restriction.

Conditional promises to give are recognized when the conditions are substantially met. Contributions restricted for the acquisition of long-lived assets are released from restriction when the assets are placed in service. Contributed property and equipment are recorded at fair value and classified based on donor-imposed use restrictions.

BAYarts recognizes in-kind contributions for services that (a) create or enhance nonfinancial assets or (b) require specialized skills that would typically be purchased. Volunteer services not meeting recognition criteria are not recorded.

For the years ended December 31, donated services and material consisted of the following:

	2024	2023
Construction Management	\$ 72,044	\$ 96,000
Woodshop/Equipment	35,000	-
Professional Services	14,000	-
Shelving	8,000	-
Other	479	-
Building Materials	-	16,391
	\$ 129,523	\$ 112,391

Event revenues are recognized when the event occurs. The portion representing the fair value of direct donor benefits is recorded as exchange revenue; any excess is recorded as a contribution.

Investment gains and losses are reported in net assets without donor restriction unless otherwise stipulated by donors or law.

BAYarts recognizes revenue from visual arts programming fees at the time the class takes place.

## **BAYarts**

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

#### FUNCTIONAL EXPENSE ALLOCATION

Expenses are charged to functional areas based on specific identification when possible. Expenses that cannot be specifically identified to a function are allocated to the functional areas based on factors such as direct relationship of expenses, time spent by employees, and square footage of space used for various programs.

#### ADVERTISING

Advertising costs are expensed when incurred.

#### INCOME TAXES

BAYarts is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (the "Code") as a charitable organization whereby only unrelated business income, as defined by Section 509(a)(1) of the Code, is subject to federal income tax. BAYarts currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.

#### LEASES

BAYarts' leases are limited to short-term agreements with terms of 12 months or less. In accordance with U.S. GAAP, these leases are expensed as incurred and are not recorded on the statement of financial position.

### **3. LICENSE WITH THE CLEVELAND METROPARKS DISTRICT**

BAYarts licenses all of its facilities from the Cleveland Metropolitan Park District (Cleveland Metroparks). The license agreement was amended in 2023 to (1) extend the term of the license to December 31, 2024, (2) provide BAYarts an option to renew the license to December 31, 2039 if BAYarts completes \$750,000 of capital improvements before December 31, 2039 and (3) provide BAYarts an additional option to renew the license to December 31, 2049 if BAYarts (i) completes the first \$750,000 of capital improvements and (ii) commits in writing to complete an additional \$750,000 of capital improvements no later than December 31, 2049 in the absence of the valid exercise of either of these renewal options, the license renews automatically renews for two (2) year successive periods for so long as BAYarts and Cleveland Metroparks may mutually agree. Under the terms of the license, BAYarts pays no license fee but is required to pay all of the costs associated with the operation and maintenance of the licensed facilities through December 31, 2039.

### **4. INVESTMENTS/BOARD-DESIGNATED FUND**

BAYarts maintains a board-designated investment fund at the Cleveland Foundation (the "Foundation") to support long-term organizational needs. The fund is intended to provide a financial reserve for operational shortfalls, special projects, and capital expenditures. All withdrawals from the account require formal approval by the board of directors.

The fund is invested in a pooled investment portfolio managed by the Foundation. The value of the Organization's interest in the pool is based on the net asset value (NAV) per share, as reported by the Foundation. This NAV is used to estimate the fair value of the Organization's share in the underlying investment pool. The Organization does not hold individual investment securities directly.

Because the investment is valued using NAV, it is not included in the fair value hierarchy (which categorizes assets based on observable market data).

Investment income, gains and losses, and management fees are allocated to BAYarts proportionately, and activity is reported monthly by the Foundation.

## BAYarts

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

The following table summarizes the activity in the board-designated fund for the years ended December 31:

January 1, 2023	\$	13,365
Contributions		10,000
Investment Return, Net		884
December 31, 2023		24,249
Investment Return, Net		2,958
December 31, 2024		27,207

#### 5. FIXED ASSETS

Fixed assets at December 31 consist of the following:

	2024		2023
Playhouse	\$ 946,649	\$	180,698
Ryel Ceramic Studio	554,182		554,182
Fuller House	441,400		427,100
Furniture and Equipment	100,137		57,137
Fuller House Gallery	70,815		70,815
CIP - Playhouse Expansion	-		600,652
	2,113,183		1,890,584
Less: Accumulated Depreciation	(537,373)		(477,493)
	\$ 1,575,810		\$ 1,413,091

#### 6. NET ASSETS

##### With Donor Restrictions

At December 31, net assets with donor restrictions were as follows:

2024				
	BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
Playhouse Campus Expansion	\$ 97,187	\$ -	\$ (45,530)	\$ 51,657
Sensory Garden	25,361	29,424	(627)	54,158
Operations	14,395	28,964	(28,877)	14,482
Scholarship Fund	5,627	-	-	5,627
	\$ 142,570	\$ 58,388	\$ (75,034)	\$ 125,924
2023				
	BEGINNING NET ASSETS	CONTRIBUTIONS	NET ASSETS RELEASED FROM RESTRICTION	ENDING NET ASSETS
Playhouse Campus Expansion	\$ 331,690	\$ 284,218	\$ (518,721)	\$ 97,187
Sensory Garden	-	29,189	(3,828)	25,361
Operations	13,030	14,395	(13,030)	14,395
Scholarship Fund	4,627	1,000	-	5,627
	\$ 349,347	\$ 328,802	\$ (535,579)	\$ 142,570

## BAYarts

### NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

#### 7. LINE OF CREDIT

BAYarts maintains a \$100,000 revolving line of credit with its bank. The line is structured as an evergreen facility, subject to annual review and renewal, with the current term extending through May 29, 2026. Borrowings bear interest at the bank's prime rate plus 1.60% (effective rate of 9.10% as of December 31, 2024). There were no outstanding borrowings under the line of credit during 2024 or 2023.

#### 8. SPECIAL EVENTS

Major fundraising activities are as follows:

	2024	2023
Gross Income	\$ 167,009	\$ 141,416
Less: Direct Donor Benefits	(90,175)	(79,071)
Special Events, Net	\$ 76,834	\$ 62,345

#### 9. RENTAL REAL ESTATE INCOME

BAYarts sub-leases the use of a portion of its licensed property at approximately \$1,000 per month with varying expiration dates through 2039, with a renewal option to December 31, 2049. Rental income is reported as earned over the term of the operating lease.

#### 10. RETIREMENT PLAN

Salaried employees may elect to participate in a SIMPLE IRA program set up by BAYarts. BAYarts will match 100% of the salaried employees' contribution up to 3% of the employee's salary. Contributions to the plan amounted to approximately \$6,700 (2024) and \$6,500 (2023).

#### 11. AVAILABILITY AND LIQUIDITY

The following represents BAYarts' financial assets available to meet general expenditures over the next twelve months:

	2024	2023
Financial Assets at Year-End:		
Cash and Cash Equivalents	\$ 168,533	\$ 453,683
Receivables	-	13,280
Investments	27,207	24,249
Total Financial Assets	195,740	491,212
Less Amounts not Available to be Used Within One Year:		
Net Assets with Donor Restrictions - Cash	(96,960)	(102,814)
Net Assets without Donor Restrictions - Board-Designated	(27,207)	(24,249)
	(124,167)	(127,063)
Financial Assets Available to meet General Expenditures Over the Next Twelve Months	\$ 71,573	\$ 364,149

Financial assets are considered unavailable when illiquid, not convertible to cash within one year, or restricted by donors either for long-term purposes or for use in a certain time period. BAYarts has certain donor-restricted net assets that are available for general expenditures within one year of December 31, 2024, because restrictions on the net assets are expected to be met by conducting normal activities of its programs in the coming year.

BAYarts is substantially supported by contributions and grants and depends on contributions without restrictions to meet its ongoing obligations. As part of BAYarts' liquidity management, it structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. BAYarts invests cash in excess of daily requirements in short-term investments.

Additionally, BAYarts has board-designated net assets without donor restrictions that, while BAYarts does not intend to spend for these purposes other than those identified, the amounts could be made available for current operations, if necessary.

**BAYarts**

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2024 AND 2023

**12. SUBSEQUENT EVENTS**

In preparing these financial statements, BAYarts has evaluated events and transactions for potential recognition or disclosure through June 21, 2025, the date the financial statements were available to be issued.