

BETHANY ARTS COMMUNITY, INC.

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2023

**(WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED DECEMBER 31, 2022)**

BETHANY ARTS COMMUNITY, INC.
AUDITED FINANCIAL STATEMENTS
DECEMBER 31, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED DECEMBER 31, 2022)

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Bethany Arts Community, Inc.
Ossining, NY 10562

Opinion

We have audited the accompanying financial statements of Bethany Arts Community, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bethany Arts Community, Inc. as of December 31, 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Bethany Arts Community, 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 Bethany Arts Community, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued

Auditors' 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 auditors' 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 judgement 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 Bethany Arts Community, 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.



Financial Insight. Business Instinct.

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Bethany Arts Community, 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.

Report on Summarized Comparative Information

The financial statements of Bethany Arts Community, Inc. as of and for the year ended December 31, 2022 were audited by other auditors whose report dated November 13, 2023 expressed an unmodified audit opinion on those financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goldstein Lieberman & Company

GOLDSTEIN LIEBERMAN & COMPANY LLC

Valhalla, New York

September 9, 2024

BETHANY ARTS COMMUNITY, INC.
STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED DECEMBER 31, 2022)

	2023	2022
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 31,585	\$ 73,009
Grants and Other Receivable	42,280	9,001
Due from Fiscally Sponsored Organization	-	6,717
Fixed Assets (Net)	3,629,346	3,789,614
Security Deposit	<u>4,312</u>	<u>4,455</u>
TOTAL ASSETS	<u>\$ 3,707,523</u>	<u>\$ 3,882,796</u>
 <u>LIABILITIES</u>		
Accounts Payable and Accrued Expenses	<u>\$ 18,400</u>	<u>\$ 9,989</u>
TOTAL LIABILITIES	<u>18,400</u>	<u>9,989</u>
 <u>NET ASSETS</u>		
Without Donor Restrictions	3,655,198	3,813,307
With Donor Restrictions	<u>33,925</u>	<u>59,500</u>
TOTAL NET ASSETS	<u>3,689,123</u>	<u>3,872,807</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,707,523</u>	<u>\$ 3,882,796</u>

SEE INDEPENDENT AUDITORS' REPORT
AND ACCOMPANYING NOTES TO
FINANCIAL STATEMENTS

BETHANY ARTS COMMUNITY, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(WITH SUMMARIZED FINANCIAL INFORMATION FOR
THE YEAR ENDED DECEMBER 31, 2022)

	2023		2022	
	Without Donor Restriction	With Donor Restriction	Total	Total
<u>PUBLIC SUPPORT AND REVENUE:</u>				
Contributions	\$ 502,304	\$ 20,000	\$ 522,304	\$ 460,424
Government Grants	170,575	13,925	184,500	150,000
Fundraising Event Income (net of expenses with a direct benefit to donors of \$6,045 and \$15,393, respectively)	46,063	-	46,063	13,133
Program Income	91,067	-	91,067	72,259
Membership Income	15,825	-	15,825	-
Rental Income	82,207	-	82,207	37,245
Other Income	959	-	959	-
TOTAL PUBLIC SUPPORT AND REVENUE:	909,000	33,925	942,925	733,061
NET ASSETS RELEASED FROM RESTRICTION	59,500	(59,500)	-	-
<u>EXPENSES</u>				
Program	662,788	-	662,788	626,425
Management and General	324,904	-	324,904	232,548
Fundraising	138,917	-	138,917	71,838
TOTAL EXPENSES	1,126,609	-	1,126,609	930,811
DECREASE IN NET ASSETS	(158,109)	(25,575)	(183,684)	(197,750)
NET ASSETS AT BEGINNING OF YEAR	3,813,307	59,500	3,872,807	4,070,557
NET ASSETS AT END OF YEAR	\$ 3,655,198	\$ 33,925	\$ 3,689,123	\$ 3,872,807

SEE INDEPENDENT AUDITORS' REPORT
AND ACCOMPANYING NOTES TO
FINANCIAL STATEMENTS

BETHANY ARTS COMMUNITY, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR
 THE YEAR ENDED DECEMBER 31, 2022)

	2023			2022	
	Program	Management and General	Fund- Raising	Total	Total
Payroll Expense	\$ 144,646	\$ 113,870	\$ 49,241	\$ 307,757	\$ 163,912
Payroll Tax Expense	12,094	9,520	4,117	25,731	13,650
Professional Fees	23,300	85,256	36,000	144,556	111,858
Artist Fees and Workshops	93,506	-	-	93,506	150,412
Food and Catering	16,702	-	-	16,702	16,466
Grounds and Maintenance	101,334	37,811	12,100	151,245	156,911
Insurance	25,796	9,625	3,080	38,501	40,658
Program Supplies	60,966	-	-	60,966	35,981
Advertising	2,582	963	308	3,853	
Office Supplies and Expenses	42,151	15,728	5,033	62,912	28,887
Fundraising Event Expense	-	-	12,356	12,356	-
Other	10,372	3,870	1,238	15,480	8,823
Depreciation	129,339	48,261	15,444	193,044	203,253
	<u>\$ 662,788</u>	<u>\$ 324,904</u>	<u>\$ 138,917</u>	<u>\$ 1,126,609</u>	<u>\$ 930,811</u>

SEE INDEPENDENT AUDITORS' REPORT
 AND ACCOMPANYING NOTES TO
 FINANCIAL STATEMENTS

BETHANY ARTS COMMUNITY, INC.
 STATEMENTS OF CASH FLOWS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (WITH SUMMARIZED FINANCIAL INFORMATION FOR
 THE YEAR ENDED DECEMBER 31, 2022)

	<u>2023</u>	<u>2022</u>
<u>OPERATING ACTIVITIES</u>		
Decrease in Net Assets	\$ (183,684)	\$ (197,750)
Adjustments to reconcile decrease in net assets to net cash used in operating activities:		
Depreciation	193,044	203,253
Changes in operating assets and liabilities:		
(Increase)/Decrease in:		
Grants and Contributions Receivable	(33,279)	(1,501)
Due From Fiscally Sponsored Organization	6,717	(24,555)
Security Deposit	143	1,045
Increase/(Decrease) in:		
Accounts Payable and Accrued Expenses	<u>8,411</u>	<u>(13,172)</u>
NET CASH USED IN OPERATING ACTIVITIES	<u>(8,648)</u>	<u>(32,680)</u>
<u>INVESTING ACTIVITIES</u>		
Purchase of Fixed Assets	<u>(32,776)</u>	<u>-</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(32,776)</u>	<u>-</u>
DECREASE IN CASH AND CASH EQUIVALENTS	(41,424)	(32,680)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>73,009</u>	<u>105,689</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 31,585</u>	<u>\$ 73,009</u>

SEE INDEPENDENT AUDITORS' REPORT
 AND ACCOMPANYING NOTES TO
 FINANCIAL STATEMENTS

BETHANY ARTS COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 1 – ORGANIZATION

Bethany Arts Community, Inc. (“the Organization”) is a nonprofit organization whose mission is to create a space and environment where all forms of art can be learned and expressed. Nurturing the creative process, the Organization welcomes artists, from young to old, and all levels of skill, to explore and create art that the community can engage with. The Organization fosters sharing, connection and collaboration, in an inclusive culture where people experience the power of art to improve lives and deepen their perceptions and perspectives of the world.

The Organization owns and operates its headquarters at 40 Somerstown Road, Ossining, New York 10562. The building is a 43,000 square foot space that was purchased on September 21, 2015, renovated over the following two years, and placed into service on January 1, 2018.

The Organization relies on contributions, government grants, member dues, fundraising events, and income generated through their programs for their funding. The Organization is exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. They have not been designated as a private foundation within the meaning of Code section 509(a).

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's financial statements. The financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions. Net assets without donor restrictions represent all activity that has not been restricted by donors or applicable laws. Net assets with donor restrictions represent those resources, the uses of which have been restricted by donors for specific purposes or the passage of time and/or must remain intact in perpetuity. The release from restrictions results from the satisfaction of the restricted purposes specified by the donor.

BETHANY ARTS COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization follows the requirements of the FASB's Accounting Standards Codification ("ASC") 958-605 for recording contributions, which are recorded when contributions become unconditional in nature. Contributions are recorded in one of the classes of net assets described above depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. If donor restricted contributions are satisfied in the same period they were received, they are classified as without donor restriction.

The Organization's government grants have been evaluated and are considered to be non-reciprocal; therefore, they are also treated as conditional contributions under FASB ASC 958-605. Revenue from these transactions is recognized when qualifying expenditures are incurred, performance-related outcomes are achieved, and other conditions under the agreements are met. Payments received in advance of conditions being met are treated as government grant advance liabilities.

Contributions and grants expected to be received within one year are recorded at net realizable value. Long-term pledges are recorded at fair value using risk-adjusted present value techniques.

The Organization follows the requirements of FASB ASC 606 for recognizing revenue from contracts with customers. Revenue from program income for workshops and residencies is recognized when at the point in time the workshop is provided or the residency completed, and the performance obligation is complete. Fees that have not been collected at year end are reflected as accounts receivable. Amounts collected in advance are treated as deferred revenue.

The Organization follows the requirements of FASB ASC 842 for recognizing rental income. Facilities are rented for programming and the revenue is recognized at the time of the programming. Studio rentals are on a month-to-month basis. No leases extend beyond twelve months. Rent receivables, which are recorded at net realizable value, represent billings to tenants that have not been collected at year-end.

Receivables are reviewed for collectability. Based on knowledge of specific donors and factoring in historical experience, no allowance for doubtful accounts was deemed necessary. Write-offs will be made in the period the receivable is deemed to be uncollectable. At December 31, 2023, all receivables are due within one year.

BETHANY ARTS COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

The Organization considers all liquid investments with an initial maturity of three months or less to be cash and cash equivalents. The Organization follows FASB ASC 230, Statement of Cash Flows: Restricted Cash. This requires that restricted cash and cash equivalents be included as components of total cash and cash equivalents as presented on the statement of cash flows. Cash primarily consisted of unrestricted funds held in checking accounts as of December 31, 2023 and 2022. Included in cash at December 31, 2023 and 2022 are restricted funds of \$13,925 and \$49,500, respectively (see note 5).

Significant Concentrations

Financial instruments which potentially subject the Organization to a concentration of credit risk consist of cash accounts which are placed with financial institutions that management deems to be creditworthy. At times, balances may exceed federally insured limits. At December 31, 2023 and 2022, there were no uninsured balances.

During the year ended December 31, 2023 and 2022, the Organization's two largest donors contributed \$345,000 and \$244,500, respectively. This accounted for approximately 37% and 33%, respectively, of the Organization's total public support and revenue.

Fixed Assets and Depreciation

Property and equipment that exceed a cost of \$5,000 and have a useful life greater than one year are capitalized at cost or at their fair values, if donated. Furniture and equipment are depreciated using the straight-line method over each asset's estimated useful life, which is five years. Building and building improvements are depreciated using the straight-line method over the estimated useful life of thirty years.

Donated Services

Donated services are recognized in circumstances where the service created or enhances a non-financial asset or where those services require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchase if not provided in-kind.

Board members and other individuals volunteer their time and perform a variety of services that assist the Organization. These services do not meet the criteria outlined above and have not been recorded in the financial statements.

In 2023 the Organization received donated goods and services that were auctioned off at the annual fundraising gala. The estimated cost of these goods and services is approximately \$9,818 and is recorded as fundraising income and fundraising expense in the statement of activities.

BETHANY ARTS COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Salaries were allocated using time and effort as the basis. Payroll taxes were allocated using salary allocation as the basis.

The following costs were allocated using square footage usage allocation as the basis:

- Grounds and maintenance costs
- Insurance
- Office expenses
- Other expenses
- Depreciation

All other expenses have been charged directly to the applicable program or supporting services.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Accounting for Uncertainty of Income Taxes

The Organization does not believe its financial statements include any material, uncertain tax positions. Tax filings for periods ending December 31, 2020 and later are subject to examination by applicable taxing authorities.

BETHANY ARTS COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. 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 the Organization’s audited financial statements for the year ended December 31, 2022, from which the summarized information was derived.

NOTE 3 – RESTRICTED CASH AND DUE TO FISCALLY SPONSORED ORGANIZATION

On September 17, 2021, the Organization became the fiscal sponsor for a newly formed not-for-profit organization. The Organization agreed to receive donations and disburse funds on their behalf, for a 3% administrative fee. The Organization served as an agent and contributions collected on behalf of the sponsored not-for-profit organization are not recognized as revenue. During 2023, the Organization agreed not to collect a fee from the fiscally sponsored organization and all balances were disbursed.

NOTE 4 – FIXED ASSETS

Fixed assets consisted of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Land	\$ 750,000	\$ 750,000
Furniture and Equipment	412,987	412,987
Building and Building Improvements	<u>3,652,434</u>	<u>3,619,658</u>
	4,815,421	4,782,645
Less: Accumulated Depreciation	<u>(1,186,075)</u>	<u>(993,031)</u>
	<u>\$ 3,629,346</u>	<u>\$ 3,789,614</u>

In 2023, additions totaling \$32,776 to building and building improvements consisted of a classroom renovation costing \$20,976 and a new roof installation costing \$11,800. The \$32,776 cost was paid from a \$50,000 grant received in 2023 from the New York State Council on the Arts.

BETHANY ARTS COMMUNITY, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023 AND 2022

NOTE 5 – NET ASSETS WITH DONOR RESTRICTIONS

At December 31, 2023 and 2022, net assets with donor restrictions were \$33,925 and \$59,500, respectively. A summary of the activity in net assets with restrictions for 2023 and 2022 is as follows:

	December 31, 2023			
	1/1/23	Contributions	Released from Restriction	12/31/23
Program Restricted:				
Fellowship	\$ 10,000	\$ 20,000	\$ (10,000)	\$ 20,000
Capital Projects	-	13,925	-	13,925
Time Restricted	49,500		(49,500)	-
Total	\$ 59,500	\$ 33,925	\$ (59,500)	\$ 33,925

	December 31, 2022			
	1/1/22	Contributions	Released from Restriction	12/31/22
Program Restricted:				
Fellowship	\$ 20,000	\$ 10,000	\$ (20,000)	\$ 10,000
Time Restricted	-	49,500	-	49,500
Total	\$ 20,000	\$ 59,500	\$ (20,000)	\$ 59,500

NOTE 6 – FUNDRAISING EVENT

The Organization typically hosts an annual fundraising gala event. The special event proceeds and related expenses are summarized as follows at December 31:

	2023	2022
Gross Revenue	\$ 44,031	\$ 28,526
Less: Expenses with a Direct Benefit to Donor	(6,045)	(15,393)
	\$ 37,986	\$ 13,133

In 2023, the Organization also held a fundraising event for the summer camp, raising \$8,077.

BETHANY ARTS COMMUNITY, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2023 AND 2022

NOTE 7 – CONTINGENCIES

Government supported projects are subject to audit by the applicable granting agency. Disallowances and adjustments, if any, resulting from such audits will be reflected in the financial statements when it is considered probable that such a liability has been incurred. Management does not anticipate any material disallowances.

NOTE 8 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization maintains cash on hand to be available for its general expenditures, liabilities, and other obligations for on-going operations. As part of its liquidity management plan, the Organization operates its programs within a board approved budget and relies on grants, contributions, and earned income to fund its operations and program activities.

	2023	2022
Financial Assets		
Cash	\$ 31,585	\$ 73,009
Grants and Contributions Receivable	42,280	9,001
Total Financial Assets	73,865	82,010
Less: Financial Assets Not Available for General Expenditures within One Year		
Net Assets with Donor Restrictions	(33,925)	(10,000)
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	\$ 39,940	\$ 72,010

At times, the Organization receives grants with donor restrictions of time. If the restriction expires within twelve months, the time restricted grant is not included in financial assets not available for general expenditures within one year.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through September 9, 2024, the date the financial statements were available to be issued. There were no material events that have occurred that require adjustments to or disclosure to the financial statements.