

BRANNAN CENTER
FINANCIAL STATEMENTS
JUNE 30, 2025

BRANNAN CENTER
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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Brannan Center
Calistoga, California

Opinion

We have audited the accompanying financial statements of Brannan Center (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025 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 Brannan Center, as of June 30, 2025, 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 Brannan Center 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 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 Brannan Center's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not

absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Brannan Center's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Brannan Center'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.

Boden Klein & Sneesby

BODEN KLEIN & SNEESBY
Certified Public Accountants
Roseville, California

November 25, 2025

BRANNAN CENTER

Statement of Financial Position
June 30, 2025

ASSETS

Current Assets:

Cash and cash equivalents	\$ 1,431,269
Pledges receivable	413,250
Prepaid expenses	6,745
Total current assets	<u>1,851,264</u>

Pledges receivable - non-current	358,750
Construction in progress	<u>9,582,200</u>

TOTAL ASSETS \$ 11,792,214

LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable	\$ 126,944
Accrued payroll	17,962
Line of credit	250,000
Total current liabilities	<u>394,906</u>

Net Assets:

Without donor restrictions	11,266,395
With donor restrictions	130,913
Total net assets	<u>11,397,308</u>

TOTAL LIABILITIES AND NET ASSETS \$ 11,792,214

See notes to financial statements

BRANNAN CENTERStatement of Activities
For the Year Ended June 30, 2025

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT:			
Donations and grants	\$ 1,715,110	\$ 26,000	\$ 1,741,110
Investment income	95,955	-	95,955
Ticket sales	7,137	-	7,137
Net assets released from restrictions:			
Satisfaction of program restrictions	1,251,971	(1,251,971)	-
	<u>3,070,173</u>	<u>(1,225,971)</u>	<u>1,844,202</u>
EXPENSES:			
Program services	202,626	-	202,626
Fundraising	74,537	-	74,537
General and administrative	99,266	-	99,266
TOTAL EXPENSES	<u>376,429</u>	<u>-</u>	<u>376,429</u>
CHANGE IN NET ASSETS	2,693,744	(1,225,971)	1,467,773
Net assets, beginning of year	8,572,651	1,356,884	9,929,535
NET ASSETS, END OF YEAR	<u>\$ 11,266,395</u>	<u>\$ 130,913</u>	<u>\$ 11,397,308</u>

See notes to financial statements

BRANNAN CENTER

Statement of Functional Expenses For the Year Ended June 30, 2025

	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Payroll and related expenses	\$ 101,061	\$ 60,636	\$ 78,637	\$ 240,334
Dues and subscriptions	1,152	-	1,152	2,304
Fundraising	-	13,901	-	13,901
Insurance	3,354	-	4,353	7,707
Miscellaneous	6,400	-	4,796	11,196
Legal and professional fees	8,948	-	8,493	17,441
Office expense	26,287	-	1,835	28,122
Outside services	4,878	-	-	4,878
Technology and software	16,672	-	-	16,672
Utilities	33,874	-	-	33,874
TOTAL EXPENSES	<u>\$ 202,626</u>	<u>\$ 74,537</u>	<u>\$ 99,266</u>	<u>\$ 376,429</u>

See notes to financial statements

BRANNAN CENTER

Statement of Cash Flows
For the Year Ended June 30, 2025

Cash Flows from Operating Activities:	
Change in net assets	\$ 1,467,773
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in operating assets and liabilities	
Pledges receivable	(132,000)
Prepaid expenses	(6,745)
Accounts payable	(287,905)
Accrued payroll	17,962
Net cash provided by operating activities	<u>1,059,085</u>
Cash flows from investing activities:	
Additions to construction in progress	(4,127,359)
Cash flows from financing activities:	
Draws on line of credit	<u>250,000</u>
Decrease in cash and cash equivalents	(2,818,274)
Cash and cash equivalents, beginning of year	<u>4,249,543</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,431,269</u></u>

See notes to financial statements

NOTE 1 - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Brannan Center (Organization) was organized in 2020 and is located in Calistoga, California. The mission of the Organization is to serve as a bicultural community resource for educational and nonprofit organizations and to provide a venue for musical and theatrical performances in Calistoga and the surrounding communities and for multiple community services. The Organization is supported by both public and private donations and grants.

Significant Accounting Policies

(a) *Basis of presentation*

The Organization prepares its financial statements in accordance with accounting principles generally accepted in the United States of America on the accrual basis of accounting; revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The Organization's financial statements are presented in conformity with Accounting Standards Codification (ASC) 958-205, *Not-For-Profit Entities – Presentation of Financial Statements* updated for AU 2016-14. In accordance with ASC 958, the Organization reports 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.

(b) *Support and revenue recognition*

In accordance with generally accepted accounting principles, revenues from contributions and grants are recognized at the earlier of the date of receipt of the contributions/grant or the date of a formal, unconditional pledge. The Organization follows ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606) where appropriate.

(c) *Cash and equivalents*

The Organization considers all short-term investments with an original maturity of nine months or less to be cash equivalents, unless held for long-term purposes.

(d) *Concentration of credit risk*

The Organization maintains bank accounts with several financial institutions. The balances are insured by the Federal Deposit Insurance Corporation. At June 30, 2025, there were no uninsured cash balances.

(e) *Property and equipment*

All acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets.

BRANNAN CENTER
Notes to Financial Statements

(f) *Income taxes*

The Organization operates as a nonprofit public benefit corporation and has received exempt status under Section 501(c)(3) of the Internal Revenue Code and the California Revenue and Taxation Code section 23701(d) and has no unrelated business income tax.

The Organization adopted the accounting principles related to accounting for uncertainty in income taxes (as described under ASC 740-10), and has determined that there is no material impact on the financial statements at June 30, 2025. The Organization's tax returns are subject to examination by federal and state taxing authorities, generally for 3 and 4 years, respectively, after they are filed.

(g) *Use of estimates*

The preparation of financial statements in conformity 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. Accordingly, actual results could differ from those estimates.

(h) *Functional allocation of expenses*

The costs of providing program services have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Specific expenses that are readily identifiable to a single program or activity are charged directly to that program. Salaries and related expenses are allocated based on estimates of time and effort.

(i) *Subsequent events*

Management has evaluated subsequent events through November 25, 2025, the date on which the financial statements were available to be issued. During this period, the Organization is not aware of any significant recognizable or unrecognizable subsequent events.

NOTE 2 - PLEDGES RECEIVABLE

Management believes all pledges receivable are fully collectible; accordingly, no allowance has been recorded. The non-current portion is due within five years.

NOTE 3 - CONSTRUCTION IN PROGRESS

The Organization entered into renovation agreements for a building located in Calistoga, California. Per the terms of the renovation agreements, the Organization is to renovate, repair and then maintain the property. Construction in progress represents costs associated with the renovation and repair.

The Organization also entered into a lease agreement for the building. Per the lease agreement, the "rental" payments shall be the payment by the Organization of all expenses to maintain and operate the property, including but not limited to insurance, property taxes, utilities, repairs and landscaping. The "rental" payment consists entirely of non-lease components as defined by ASC 842-10-15 therefore, no right of use asset or lease liability is reported.

BRANNAN CENTER
Notes to Financial Statements

NOTE 4 - LINE OF CREDIT

In July 2024, the Organization entered into two (2) line of credit arrangements for \$250,000 each with two (2) separate board members. One line of credit was converted to an unrestricted donation prior to June 30, 2025. The second line of credit was converted to an unrestricted donation in July 2026.

NOTE 5 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following:

Flagpole	\$ 4,913
Music	101,000
Operations	<u>25,000</u>
Total	<u>\$ 130,913</u>

NOTE 6 - LIQUIDITY

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

Financial assets at June 30, 2025	\$ 2,203,269
Contractual or donor-imposed restrictions:	
Non-current pledges receivable	(358,750)
Net assets with donor restrictions	<u>(130,913)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,713,606</u>

The Organization is supported by restricted and unrestricted grants and 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 expenditures 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.