

GADSDEN CULTURAL ARTS
FOUNDATION, INC.

AUDITED FINANCIAL STATEMENTS
December 31, 2019 and 2018

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MDA PROFESSIONAL GROUP, P.C.

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Gadsden Cultural Arts Foundation, Inc.
Gadsden, Alabama

We have audited the accompanying financial statements of Gadsden Cultural Arts Foundation, Inc. (a nonprofit organization), which comprise the statements of assets, liabilities, and net assets – modified cash basis as of December 31, 2019 and 2018, the related statements of support, revenues, expenses, and changes in net assets – modified cash basis, and the statements of functional expenses – modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Gadsden Cultural Arts Foundation, Inc.
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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Gadsden Cultural Arts Foundation, Inc. as of December 31, 2019 and 2018 and its support, revenues, expenses, changes in net assets, and functional expenses for the years then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

MDA Professional Group, P.C.

Gadsden, Alabama
March 17, 2020

GADSDEN CULTURAL ARTS FOUNDATION, INC.

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS - MODIFIED CASH BASIS

DECEMBER 31, 2019 AND 2018

| <u>ASSETS</u> | <u>2019</u> | <u>2018</u> |
|------------------------------------|----------------------------|----------------------------|
| CURRENT ASSETS | | |
| Cash | \$ 169,717 | \$ 166,240 |
| Investments - Cash | 138,056 | 87,471 |
| | <u>307,773</u> | <u>253,711</u> |
| PROPERTY AND EQUIPMENT | | |
| Building and Improvements | 3,087,311 | 2,976,830 |
| Building - Symphony | 542,713 | 542,713 |
| Office Equipment | 84,187 | 76,228 |
| Youth Symphony Orchestra Equipment | 126,410 | 110,401 |
| Furniture | 103,716 | 68,734 |
| Kitchen Equipment | 15,000 | 15,000 |
| Children's Museum | 38,633 | 38,633 |
| Automobiles | 26,310 | 26,310 |
| | <u>4,024,280</u> | <u>3,854,849</u> |
| Less Accumulated Depreciation | <u>2,659,971</u> | <u>2,550,567</u> |
| | <u>1,364,309</u> | <u>1,304,282</u> |
| OTHER ASSETS | | |
| Investments, at Cost | 1,969,392 | 2,029,235 |
| Deposit on Sculpture | - | 45,000 |
| | <u>1,969,392</u> | <u>2,074,235</u> |
| TOTAL ASSETS | <u><u>\$ 3,641,474</u></u> | <u><u>\$ 3,632,228</u></u> |

| <u>LIABILITIES AND NET ASSETS</u> | <u>2019</u> | <u>2018</u> |
|--|----------------------------|----------------------------|
| CURRENT LIABILITIES | | |
| Long-Term Debt, Current Maturities | 56,464 | 53,716 |
| Payroll Tax Liabilities and Other Withholdings | <u>10,293</u> | <u>9,898</u> |
| | <u>66,757</u> | <u>63,614</u> |
| LONG TERM LIABILITIES | | |
| Long-Term Debt | <u>48,974</u> | <u>105,472</u> |
| NET ASSETS | | |
| Without Donor Restrictions | <u>3,525,743</u> | <u>3,463,142</u> |
| | | |
| TOTAL LIABILITIES AND NET ASSETS | <u><u>\$ 3,641,474</u></u> | <u><u>\$ 3,632,228</u></u> |

The accompanying Notes to Financial Statements are an integral part of these financial statements.

GADSDEN CULTURAL ARTS FOUNDATION, INC.

STATEMENTS OF SUPPORT, REVENUES, EXPENSES, AND CHANGES
IN NET ASSETS - MODIFIED CASH BASIS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| | 2019 | 2018 |
|--|---------------------|---------------------|
| SUPPORT AND REVENUE | | |
| Grants | \$ 453,464 | \$ 434,353 |
| School | 337,216 | 321,990 |
| Gadsden Arts Tickets | 246,718 | 196,851 |
| Youth Symphony Orchestra | 209,099 | 159,734 |
| Pledges, Fundraising, and Legacy | 201,285 | 252,762 |
| Imagination Place and Other Activities | 232,736 | 111,395 |
| Projects | 88,173 | 106,547 |
| Exhibits | 4,745 | 74,459 |
| Restaurant Rental | 10,331 | 45,731 |
| Rental - Other | 14,325 | 15,010 |
| Memberships | 49,960 | 47,851 |
| Miscellaneous | 8,121 | 6,866 |
| | <u>1,856,173</u> | <u>1,773,549</u> |
| EXPENSES | | |
| Program Services | | |
| School | 397,132 | 381,593 |
| Youth Symphony Orchestra | 357,563 | 261,547 |
| Imagination Place | 249,638 | 168,221 |
| Exhibits | 21,768 | 55,262 |
| Projects | 64,309 | 71,727 |
| Gadsden Arts Tickets | 231,757 | 186,553 |
| Management and General | | |
| Personnel | 242,913 | 270,464 |
| Building Expenses | 72,712 | 87,642 |
| Operating Expenses | 100,872 | 113,090 |
| Depreciation | 60,589 | 70,713 |
| Fundraising and Legacy | 85,730 | 87,419 |
| | <u>1,884,983</u> | <u>1,754,231</u> |
| OTHER INCOME (EXPENSES) | | |
| Dividend Income | 55,816 | 45,851 |
| Gain on Investment Securities | 37,828 | 272,202 |
| Interest Income | 4,485 | 1,103 |
| Loss on Disposal of Fixed Assets | - | (4,665) |
| Interest Expense | (6,718) | (9,473) |
| | <u>91,411</u> | <u>305,018</u> |
| CHANGES IN NET ASSETS | 62,601 | 324,336 |
| NET ASSETS, BEGINNING OF YEAR | <u>3,463,142</u> | <u>3,138,806</u> |
| NET ASSETS, END OF YEAR | <u>\$ 3,525,743</u> | <u>\$ 3,463,142</u> |

The accompanying Notes to Financial Statements are an integral part of these financial statements.

GADSDEN CULTURAL ARTS FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

| Functional Expenses | 2019 | | | | | | | | | | |
|----------------------------------|--------------------|--------------------------|-------------------|------------------|------------------|----------------------|-----------------------|----------------------------|------------------|---------------------|---------------------|
| | Program Activities | | | | | | Supporting Activities | | | | Total |
| | School | Youth Symphony Orchestra | Imagination Place | Exhibits | Projects | Gadsden Arts Tickets | Programs Subtotal | General and Administrative | Fund-Raising | Supporting Subtotal | |
| Payroll and Related Benefits | \$ 75,684 | \$ 229,658 | \$ 169,398 | \$ 1,065 | \$ 19,789 | \$ - | \$ 495,594 | \$ 242,913 | \$ 62,000 | \$ 304,913 | \$ 800,507 |
| Supplies and Program Services | 164,579 | 61,252 | 33,039 | 19,739 | 26,637 | - | 305,246 | - | - | - | 305,246 |
| Gadsden Arts Tickets | - | - | - | - | - | 231,757 | 231,757 | - | - | - | 231,757 |
| Depreciation | 18,878 | 11,706 | 13,029 | 266 | 4,936 | - | 48,815 | 60,589 | - | 60,589 | 109,404 |
| Utilities | 17,480 | 10,839 | 12,064 | 246 | 4,570 | - | 45,199 | 56,104 | - | 56,104 | 101,303 |
| Contract Labor | 88,473 | - | - | - | - | - | 88,473 | - | - | - | 88,473 |
| Insurance | 7,829 | 4,854 | 5,403 | 110 | 2,047 | - | 20,243 | 25,128 | - | 25,128 | 45,371 |
| Repairs and Maintenance | 5,175 | 3,209 | 3,568 | 73 | 1,353 | - | 13,378 | 16,608 | - | 16,608 | 29,986 |
| Investment Fees | 4,116 | 2,552 | 2,841 | 58 | 1,076 | - | 10,643 | 13,213 | - | 13,213 | 23,856 |
| Fundraising | - | - | - | - | - | - | - | - | 23,730 | 23,730 | 23,730 |
| Service Contracts | 3,377 | 2,094 | 2,331 | 48 | 883 | - | 8,733 | 10,839 | - | 10,839 | 19,572 |
| Advertising | 2,919 | 1,810 | 2,015 | 41 | 763 | - | 7,548 | 9,371 | - | 9,371 | 16,919 |
| Bank Charges | 2,681 | 1,663 | 1,851 | 38 | 701 | - | 6,934 | 8,605 | - | 8,605 | 15,539 |
| Membership Expenses | - | - | - | - | - | - | - | 14,649 | - | 14,649 | 14,649 |
| Travel and Training | 1,271 | 5,900 | 877 | 18 | 332 | - | 8,398 | 4,079 | - | 4,079 | 12,477 |
| Professional Fees | 2,056 | 1,636 | 1,419 | 29 | 538 | - | 5,678 | 6,597 | - | 6,597 | 12,275 |
| Office Expense | 829 | 7,005 | 572 | 12 | 217 | - | 8,635 | 2,662 | - | 2,662 | 11,297 |
| Dues and Subscriptions | 816 | 1,929 | 563 | 11 | 213 | - | 3,532 | 2,622 | - | 2,622 | 6,154 |
| Printing | 195 | 4,316 | 134 | 3 | 51 | - | 4,699 | 625 | - | 625 | 5,324 |
| Small Tools and Equipment | - | 5,104 | - | - | - | - | 5,104 | - | - | - | 5,104 |
| Postage | 630 | 506 | 435 | 9 | 165 | - | 1,745 | 2,022 | - | 2,022 | 3,767 |
| Telephone | - | 1,348 | - | - | - | - | 1,348 | - | - | - | 1,348 |
| Miscellaneous | 144 | 182 | 99 | 2 | 38 | - | 465 | 460 | - | 460 | 925 |
| Total Functional Expenses | \$ 397,132 | \$ 357,563 | \$ 249,638 | \$ 21,768 | \$ 64,309 | 231,757 | \$ 1,322,167 | \$ 477,086 | \$ 85,730 | \$ 562,816 | \$ 1,884,983 |

2018

| | Program Activities | | | | | | Supporting Activities | | | | Total |
|----------------------------------|--------------------|--------------------------|-------------------|------------------|------------------|----------------------|-----------------------|----------------------------|------------------|---------------------|---------------------|
| | School | Youth Symphony Orchestra | Imagination Place | Exhibits | Projects | Gadsden Arts Tickets | Programs Subtotal | General and Administrative | Fund-Raising | Supporting Subtotal | |
| Functional Expenses | | | | | | | | | | | |
| Payroll and Related Benefits | \$ 66,602 | \$ 189,669 | \$ 118,903 | \$ 15,402 | \$ 22,039 | \$ - | \$ 412,615 | \$ 270,464 | \$ 61,250 | \$ 331,714 | \$ 744,329 |
| Supplies and Program Services | 166,454 | 25,869 | 22,694 | 25,288 | 28,838 | - | 269,143 | - | - | - | 269,143 |
| Gadsden Arts Tickets | - | - | - | - | - | 186,553 | 186,553 | - | - | - | 186,553 |
| Utilities | 18,460 | 9,158 | 6,386 | 4,269 | 6,109 | - | 44,382 | 74,965 | - | 74,965 | 119,347 |
| Depreciation | 17,413 | 8,638 | 6,024 | 4,027 | 5,762 | - | 41,864 | 70,713 | - | 70,713 | 112,577 |
| Contract Labor | 84,828 | - | - | - | - | - | 84,828 | - | - | - | 84,828 |
| Insurance | 5,847 | 2,900 | 2,023 | 1,352 | 1,935 | - | 14,057 | 23,742 | - | 23,742 | 37,799 |
| Fundraising | - | - | - | - | - | - | - | - | 26,169 | 26,169 | 26,169 |
| Repairs and Maintenance | 3,122 | 1,549 | 5,906 | 722 | 1,033 | - | 12,332 | 12,677 | - | 12,677 | 25,009 |
| Investment Fees | 3,652 | 1,812 | 1,264 | 845 | 1,209 | - | 8,782 | 14,832 | - | 14,832 | 23,614 |
| Advertising | 2,482 | 1,231 | 859 | 574 | 821 | - | 5,967 | 10,077 | - | 10,077 | 16,044 |
| Service Contracts | 2,319 | 1,150 | 802 | 536 | 767 | - | 5,574 | 9,417 | - | 9,417 | 14,991 |
| Bank Charges | 2,317 | 1,150 | 802 | 536 | 767 | - | 5,572 | 9,410 | - | 9,410 | 14,982 |
| Membership Expenses | - | - | - | - | - | - | - | 15,584 | - | 15,584 | 15,584 |
| Travel and Training | 1,746 | 866 | 604 | 404 | 578 | - | 4,198 | 7,089 | - | 7,089 | 11,287 |
| Professional Fees | 1,734 | 860 | 600 | 401 | 574 | - | 4,169 | 7,042 | - | 7,042 | 11,211 |
| Office Expense | 1,136 | 2,428 | 393 | 263 | 376 | - | 4,596 | 4,612 | - | 4,612 | 9,208 |
| Dues and Subscriptions | 1,107 | 2,086 | 383 | 256 | 366 | - | 4,198 | 4,495 | - | 4,495 | 8,693 |
| Printing | 726 | 3,750 | 251 | 168 | 240 | - | 5,135 | 2,949 | - | 2,949 | 8,084 |
| Miscellaneous | 961 | 2,048 | 89 | 60 | 86 | - | 3,244 | 1,050 | - | 1,050 | 4,294 |
| Postage | 687 | 341 | 238 | 159 | 227 | - | 1,652 | 2,791 | - | 2,791 | 4,443 |
| Small Tools and Equipment | - | 4,355 | - | - | - | - | 4,355 | - | - | - | 4,355 |
| Telephone | - | 1,687 | - | - | - | - | 1,687 | - | - | - | 1,687 |
| Total Functional Expenses | \$ 381,593 | \$ 261,547 | \$ 168,221 | \$ 55,262 | \$ 71,727 | 186,553 | \$ 1,124,903 | \$ 541,909 | \$ 87,419 | \$ 629,328 | \$ 1,754,231 |

The accompanying Notes to Financial Statements are an integral part of these financial statements.

GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

The Foundation promotes cultural, educational, and artistic activities in the Etowah County, Alabama area.

BASIS OF ACCOUNTING

The accompanying financial statements have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. This basis of accounting differs from accounting principles generally accepted in the United States of America (U.S. GAAP) in that certain revenues are recognized when received rather than when earned and certain expenses are recognized when paid rather than when the obligation is incurred.

DEPOSITS

The Foundation maintains its cash balances at several financial institutions located in Gadsden, Alabama. The balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2019 and 2018, all of the Foundation's cash balances were insured.

SUPPORT AND REVENUES

Contributions are recorded as income when received. Gifts of property and equipment are recorded at estimated fair market value. Contributions are considered available for unrestricted use unless specifically restricted by donors or the Board of Directors of the Foundation.

PROPERTY AND EQUIPMENT

Property and equipment are recorded at cost. Donated property and equipment are recorded at estimated fair market value at the date of the donation. Additions and improvements that extend the life of an asset are capitalized. Expenditures for repairs and maintenance are charged against income. Depreciation is computed by the straight-line method based on the estimated useful lives of the individual assets.

INCOME TAXES

There is no provision for income taxes for charitable purpose income since the Foundation is a not-for-profit institution exempt from both federal and state income taxes. The Foundation has received an exemption letter from the Internal Revenue Service granting it tax-exempt status under Internal Revenue Code Section 501(c)(3).

ASC 740-10 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on derecognition, classification, treatment of interest and penalties, and disclosure of such positions. Effective January 1, 2008, the Foundation adopted the provisions of ASC 740-10 "Accounting for Uncertainty in Income Taxes" as required. As a result of implementing ASC 740-10, there has been no adjustment to the Foundation's financial statements for the years ending December 31, 2019 and 2018.

(Continued)

GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION

Revenue is measured based on consideration specified in a contract with a customer, whether verbal or nonverbal. The Organization recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The Organization does not have any significant financing components as payment is received at or shortly after the point of sale or upon completion of the service.

FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services. General and administrative expenses are allocated to each program based on the percentage of total revenue that each program generates.

USE OF ESTIMATES

The preparation of financial statements 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.

FINANCIAL STATEMENT PRESENTATION

The Foundation has adopted FASB ASC 958-205, “Presentation of Financial Statements for Not-for-Profit Entities.” Under FASB ASC 958-205, the Foundation is required to report information regarding its financial position and activities according to two classes of net assets: Net Assets with Donor Restrictions and Net Assets without Donor Restrictions.

Net Assets with Donor Restrictions – The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions. There were no net assets with donor restrictions as of December 31, 2019 and 2018.

Net Assets without Donor Restrictions – The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions.

SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through March 17, 2020, which is the date the financial statements were available to be issued.

GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 2 – CASH AND INVESTMENTS

Investments are shown on the statements of assets, liabilities, and net assets – modified cash basis at cost. The market value at December 31, 2019 and 2018 was \$2,349,095 and \$2,066,531, respectively.

| | <u>December 31, 2019</u> | | |
|----------------------|------------------------------|---------------------|---|
| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation (Depreciation)</u> |
| Cash and Money Funds | \$ 138,056 | \$ 138,056 | \$ - |
| Equities | <u>1,969,392</u> | <u>2,247,650</u> | <u>278,258</u> |
| | <u>\$ 2,107,448</u> | <u>\$ 2,385,706</u> | <u>\$ 278,258</u> |
| | <u>December 31, 2018</u> | | |
| | <u>Cost</u> | <u>Fair Value</u> | <u>Unrealized Appreciation (Depreciation)</u> |
| Cash and Money Funds | \$ 87,471 | \$ 87,471 | \$ - |
| Equities | <u>2,029,235</u> | <u>1,979,060</u> | <u>(50,175)</u> |
| | <u>\$ 2,116,706</u> | <u>\$ 2,066,531</u> | <u>\$ (50,175)</u> |

The following schedule summarizes the investment return and its classification in the statement of activities for the years ended December 31, 2019 and 2018:

| | <u>2019</u> | <u>2018</u> |
|-------------------------------|------------------|-------------------|
| Interest Income | \$ 4,485 | \$ 1,103 |
| Dividend Income | 55,816 | 45,851 |
| Gain on Investment Securities | <u>37,828</u> | <u>272,202</u> |
| | <u>\$ 98,129</u> | <u>\$ 319,156</u> |

GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 3 – LONG-TERM DEBT

Long-term debt at December 31, 2019 and 2018, consists of the following:

| | <u>2019</u> | <u>2018</u> |
|--|-------------------|-------------------|
| Note payable to The Exchange Bank of Alabama, payable in monthly installments of \$5,039 including interest at a fixed rate of 5.00% through October 2021; collateralized by real property, certain accounts, and other future payments. | <u>\$ 105,438</u> | <u>\$ 159,188</u> |

Principal maturities for the years ended December 31 are as follows:

| | |
|------|-------------------|
| 2020 | \$ 56,464 |
| 2021 | <u>48,974</u> |
| | <u>\$ 105,438</u> |

NOTE 4 – OPERATING LEASE INCOME

The Foundation leased restaurant space to tenants under a noncancelable operating lease that expired in June 2017 and required monthly payments of \$1,900 plus reimbursement of a percentage of utilities used by the tenant to the Foundation. In June 2017 and 2018, the lease was renewed and required monthly payments of \$2,000 plus reimbursement of a percentage of utilities used by the tenant to the Foundation. This lease is initially for one year, with the option to renew the lease for four additional one year terms under the same terms. The Foundation received rent in the amounts of \$6,000 and \$24,000 for the years ended December 31, 2019 and 2018, respectively. The Foundation also received reimbursement of utilities in the amounts of \$4,331 and \$21,731 for the years ended December 31, 2019 and 2018, respectively. This lease was terminated in April 2019.

NOTE 5 - RETIREMENT PLAN

The Foundation established a retirement plan effective as of January 1, 2011. Employees who are age 21 and over and have completed one year of service are allowed to contribute to the plan. The Foundation made contributions of \$37,728 and \$30,083 to the plan during the years ended December 31, 2019 and 2018.

GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019 AND 2018

NOTE 6 – LIQUIDITY AND AVAILABILITY OF RESOURCES

The Foundation's financial assets available within one year of the balance sheet date for general expenditures are as follows:

| | | |
|--------------------|----|-----------------------|
| Cash | \$ | 169,717 |
| Investments - Cash | | <u>138,056</u> |
| Total | \$ | <u><u>307,773</u></u> |

NOTE 7 – ADOPTION OF NEW ACCOUNTING STANDARD

In May 2014, the FASB issued guidance (Accounting Standards Codifications [ASC] 606, *Revenue from Contracts with Customers*) which provides a five-step analysis of contracts to determine when and how revenue is recognized and replaces most existing revenue recognition guidance in U.S. generally accepted accounting principles. The core principle of the new guidance that an entity should recognize revenue to reflect the transfer of goods and services to customers in an amount equal to the consideration the entity receives or expects to receive. The Organization adopted ASC 606 with a date of the initial application of January 1, 2019, using the full-retrospective method.

The adoption of ASC 606 did not have an impact on the Organization's financial position, results of operations, or cash flows. The Organization's revenue arrangements consist of a single performance obligation to transfer promised goods or services. Based on the Organization's evaluation of its contracts with customers, the timing and amount of revenue recognized previously is consistent with how revenue is recognized under the new standard. No changes were required to previously reported revenues as a result of the adoption.