

**GADSDEN CULTURAL ARTS  
FOUNDATION, INC.  
Gadsden, Alabama**

**AUDITED FINANCIAL STATEMENTS**  
December 31, 2023 and 2022

**MDA PROFESSIONAL GROUP, P.C.**  
*Certified Public Accountants and Business Consultants*  
Gadsden, Alabama

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**MDA PROFESSIONAL  
GROUP, P.C.**  
MISSION DRIVEN ADVISORS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Executive Director of  
Gadsden Cultural Arts Foundation, Inc.

**Opinion**

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, 2023 and 2022, 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.

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, 2023 and 2022, and its support, revenue, 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 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 Gadsden Cultural Arts Foundation, 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.

Board of Directors and Executive Director  
Gadsden Cultural Arts Foundation, Inc.

### **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.

### **Responsibilities of Management 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, and for 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.

### **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 Gadsden Cultural Arts Foundation, Inc.'s internal control. Accordingly, no such opinion is expressed.

Board of Directors and Executive Director  
Gadsden Cultural Arts Foundation, Inc.

- 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 Gadsden Cultural Arts Foundation, 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.

*MDA Professional Group, P.C.*

Gadsden, Alabama  
March 19, 2024

## GADSDEN CULTURAL ARTS FOUNDATION, INC.

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

DECEMBER 31, 2023 AND 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash	\$ 140,092	\$ 234,681
Investments - Cash	105,817	192,088
Investments, at Cost	<u>1,973,648</u>	<u>2,058,460</u>
Total Current Assets	<u>2,219,557</u>	<u>2,485,229</u>
PROPERTY AND EQUIPMENT		
Building and Improvements	3,446,116	3,179,778
Building - Kyle Building	512,448	542,713
Youth Symphony Orchestra Equipment	134,385	134,385
Furniture	161,445	106,985
Office Equipment	79,612	101,886
Children's Museum	108,316	92,331
Automobiles	42,514	42,514
Temple Music Center	35,660	-
Construction in Progress	<u>-</u>	<u>23,500</u>
	4,520,496	4,224,092
Less Accumulated Depreciation	<u>3,017,918</u>	<u>2,927,278</u>
	<u>1,502,578</u>	<u>1,296,814</u>
TOTAL ASSETS	<u>\$ 3,722,135</u>	<u>\$ 3,782,043</u>

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

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<u>LIABILITIES AND NET ASSETS</u>	<u>2023</u>	<u>2022</u>
CURRENT LIABILITIES		
Payroll Tax Liabilities and Other Withholdings	<u>\$ 9,997</u>	<u>\$ 9,606</u>
Total Current Liabilities	<u>9,997</u>	<u>9,606</u>
NET ASSETS		
Without Donor Restrictions	<u>3,712,139</u>	<u>3,772,437</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,722,136</u>	<u>\$ 3,782,043</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, 2023 AND 2022

	2023	2022
<b>SUPPORT AND REVENUE</b>		
Grants	\$ 462,847	\$ 458,896
School	388,083	373,038
Imagination Place and Other Activities	252,582	183,033
Youth Symphony Orchestra	173,965	196,118
Pledges, Fundraising, and Legacy	158,419	119,951
Memberships	28,900	23,220
Projects	21,884	24,070
Gadsden Symphony Orchestra	13,888	52,122
Exhibits	3,000	4,000
Miscellaneous	1,094	1,487
	<u>1,504,662</u>	<u>1,435,935</u>
<b>EXPENSES</b>		
Program Services		
School	509,946	468,439
Youth Symphony Orchestra	365,660	359,893
Imagination Place	252,145	182,982
Gadsden Symphony Orchestra	65,666	87,454
Exhibits	33,628	35,589
Projects	32,452	32,511
Management and General		
Personnel	172,347	164,057
Operating Expenses	136,795	89,147
Depreciation	67,804	55,718
Building Expenses	46,622	37,614
Fundraising and Legacy	17,066	51,514
	<u>1,700,131</u>	<u>1,564,918</u>
<b>OTHER INCOME (EXPENSES)</b>		
Gain on Investment Securities	79,776	50,283
Dividend Income	57,706	54,143
Interest Income	4,411	3,852
Gain (Loss) on Disposal of Fixed Assets	(6,722)	900
	<u>135,171</u>	<u>109,178</u>
<b>CHANGES IN NET ASSETS</b>	<b>(60,298)</b>	<b>(19,805)</b>
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u><b>3,772,437</b></u>	<u><b>3,792,242</b></u>
<b>NET ASSETS, END OF YEAR</b>	<u><u><b>\$ 3,712,139</b></u></u>	<u><u><b>\$ 3,772,437</b></u></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, 2023 AND 2022

Functional Expenses	2023										
	Program Activities						Supporting Activities				
	School	Youth Symphony Orchestra	Imagination Place	Exhibits	Projects	Gadsden Symphony Orchestra	Programs Subtotal	General and Administrative	Fund-Raising	Supporting Subtotal	Total
Payroll and Related Benefits	\$ 267,742	\$ 250,107	\$ 163,094	\$ 658	\$ 4,796	\$ 12,044	\$ 698,441	\$ 172,347	\$ -	\$ 172,347	\$ 870,788
Supplies and Program Services	56,778	37,564	10,476	32,036	20,849	4,001	161,704	-	-	-	161,704
Depreciation	33,460	14,999	21,777	259	1,887	1,197	73,579	67,804	-	67,804	141,383
Utilities	23,007	24,875	14,974	178	1,297	823	65,154	46,622	-	46,622	111,776
Contract Labor	64,701	-	-	-	-	45,300	110,001	-	-	-	110,001
Repairs and Maintenance	23,851	10,692	15,523	184	1,345	854	52,449	48,332	-	48,332	100,781
Insurance	13,654	6,121	8,887	106	770	489	30,027	27,667	-	27,667	57,694
Investment Fees	5,894	2,642	3,836	46	332	211	12,961	11,946	-	11,946	24,907
Bank Charges	5,138	2,303	3,344	40	290	184	11,299	10,412	-	10,412	21,711
Office Expense	3,515	2,561	2,288	27	198	126	8,715	7,123	-	7,123	15,838
Advertising	3,635	2,000	2,366	28	205	130	8,364	7,365	-	7,365	15,729
Professional Fees	3,278	1,470	2,134	25	185	117	7,209	6,644	-	6,644	13,853
Service Contracts	3,097	1,388	2,016	24	175	111	6,811	6,276	-	6,276	13,087
Membership Expenses	-	-	-	-	-	-	-	6,583	-	6,583	6,583
Printing	255	3,843	166	2	14	9	4,289	516	-	516	4,805
Dues and Subscriptions	987	985	643	8	56	35	2,714	2,000	-	2,000	4,714
Miscellaneous	71	1,924	46	1	4	3	2,049	141	-	141	2,190
Postage	449	201	292	3	25	16	986	910	-	910	1,896
Travel and Training	434	195	283	3	24	16	955	880	-	880	1,835
Small Tools and Equipment	-	1,790	-	-	-	-	1,790	-	-	-	1,790
Fundraising	-	-	-	-	-	-	-	-	17,066	17,066	17,066
<b>Total Functional Expenses</b>	<b>\$ 509,946</b>	<b>\$ 365,660</b>	<b>\$ 252,145</b>	<b>\$ 33,628</b>	<b>\$ 32,452</b>	<b>\$ 65,666</b>	<b>\$ 1,259,497</b>	<b>\$ 423,568</b>	<b>\$ 17,066</b>	<b>\$ 440,634</b>	<b>\$ 1,700,131</b>

(Continued)

2022

	Program Activities						Supporting Activities				Total
	School	Youth Symphony Orchestra	Imagination Place	Exhibits	Projects	Gadsden Symphony Orchestra	Programs Subtotal	General and Administrative	Fund-Raising	Supporting Subtotal	
Functional Expenses											
Payroll and Related Benefits	\$ 222,052	\$ 247,921	\$ 125,551	\$ 922	\$ 5,541	\$ 20,998	\$ 622,985	\$ 164,057	\$ 30,000	\$ 194,057	\$ 817,042
Supplies and Program Services	97,307	52,195	11,441	33,660	20,920	6,786	222,309	-	-	-	222,309
Depreciation	29,163	15,332	14,309	313	1,882	4,075	65,074	55,718	-	55,718	120,792
Contract Labor	55,353	-	-	-	-	46,575	101,928	-	-	-	101,928
Utilities	19,687	10,350	9,660	211	1,270	2,751	43,929	37,614	-	37,614	81,543
Insurance	10,593	5,569	5,198	114	684	1,480	23,638	20,239	-	20,239	43,877
Repairs and Maintenance	6,908	3,632	3,390	74	446	965	15,415	13,199	-	13,199	28,614
Fundraising	-	-	-	-	-	-	-	-	21,514	21,514	21,514
Bank Charges	5,180	2,723	2,542	56	334	724	11,559	9,896	-	9,896	21,455
Investment Fees	4,913	2,583	2,411	53	317	686	10,963	9,386	-	9,386	20,349
Service Contracts	4,182	2,199	2,052	45	270	584	9,332	7,991	-	7,991	17,323
Advertising	3,813	2,476	1,871	41	246	533	8,980	7,285	-	7,285	16,265
Professional Fees	3,138	1,650	1,540	34	202	438	7,002	5,995	-	5,995	12,997
Office Expense	2,692	3,284	1,321	29	174	376	7,876	5,143	-	5,143	13,019
Travel and Training	1,511	895	741	16	98	211	3,472	2,888	-	2,888	6,360
Printing	194	3,918	95	2	13	27	4,249	372	-	372	4,621
Dues and Subscriptions	940	1,170	461	10	61	131	2,773	1,798	-	1,798	4,571
Membership Expenses	-	-	-	-	-	-	-	3,400	-	3,400	3,400
Postage	727	420	357	8	47	102	1,661	1,389	-	1,389	3,050
Small Tools and Equipment	-	2,768	-	-	-	-	2,768	-	-	-	2,768
Miscellaneous	86	808	42	1	6	12	955	166	-	166	1,121
Total Functional Expenses	<u>\$ 468,439</u>	<u>\$ 359,893</u>	<u>\$ 182,982</u>	<u>\$ 35,589</u>	<u>\$ 32,511</u>	<u>87,454</u>	<u>\$ 1,166,868</u>	<u>\$ 346,536</u>	<u>\$ 51,514</u>	<u>\$ 398,050</u>	<u>\$ 1,564,918</u>

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, 2023 AND 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF ORGANIZATION

The Gadsden Cultural Arts Foundation, Inc. (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 two financial institutions located in Gadsden, Alabama. The balances are insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). At December 31, 2023, all of the Foundation's cash balances were insured. At December 31, 2022, the Foundation's uninsured cash balances totaled \$9,055.

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.

Building and Improvements	15 - 40 years
Building - Kyle Building	1 - 40 years
Youth Symphony Orchestra Equipment	1 - 5 years
Furniture	5 - 10 years
Office Equipment	5 - 10 years
Children's Museum	5 - 10 years
Automobiles	1 - 5 years
Temple Music Center	15 - 40 years

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.

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GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2023 and 2022.

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

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.

REVENUE RECOGNITION

Revenue is measured based on consideration specified in a contract with a customer, whether verbal or nonverbal. The Foundation recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. The Foundation 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 statements of activities and the statements 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.

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. The Foundation follows ASC 740-10 in accounting for any uncertain tax positions. Management believes that any potential liability resulting from taxing authorities imposing additional taxes or penalties would have no material effect on the Foundation's financial statements.

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GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 19, 2024, which is the date the financial statements were available to be issued.

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, 2023 and 2022, was \$2,436,631 and \$2,417,397, respectively.

	<u>December 31, 2023</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and Money Funds	\$ 105,817	\$ 105,817	\$ -
Equities	<u>1,973,648</u>	<u>2,330,814</u>	<u>357,166</u>
	<u>\$ 2,079,465</u>	<u>\$ 2,436,631</u>	<u>\$ 357,166</u>
	<u>December 31, 2022</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and Money Funds	\$ 192,088	\$ 192,088	\$ -
Equities	<u>2,058,460</u>	<u>2,225,309</u>	<u>166,849</u>
	<u>\$ 2,250,548</u>	<u>\$ 2,417,397</u>	<u>\$ 166,849</u>

(Continued)

GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2023 AND 2022

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NOTE 2 – CASH AND INVESTMENTS (Continued)

The following schedule summarizes the investment return and its classification in the statements of support, revenues, expenses, and change in net assets – modified cash basis for the years ended December 31:

	<u>2023</u>	<u>2022</u>
Interest Income	\$ 4,411	\$ 3,852
Dividend Income	57,706	54,143
Gain on Investment Securities	<u>79,776</u>	<u>50,283</u>
	<u>\$ 141,893</u>	<u>\$ 108,278</u>

NOTE 3 – 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 and working a minimum of 1,000 hours or more per year are allowed to contribute to the plan. The Foundation made contributions of \$34,084 and \$33,029 to the plan during the years ended December 31, 2023 and 2022.

NOTE 4 – LIQUIDITY AND AVAILABILITY OF RESOURCES

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

	<u>2023</u>	<u>2022</u>
Cash	\$ 140,092	\$ 234,681
Investments - Cash	<u>105,817</u>	<u>192,088</u>
Total	<u>\$ 245,909</u>	<u>\$ 426,769</u>