

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

AUDITED FINANCIAL STATEMENTS  
December 31, 2025 and 2024

**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, 2025 and 2024, 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, 2025 and 2024, 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.

### **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 17, 2026

GADSDEN CULTURAL ARTS FOUNDATION, INC.

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

DECEMBER 31, 2025 AND 2024

<u>ASSETS</u>	<u>2025</u>	<u>2024</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 296,435	\$ 134,249
Investments - Cash	57,413	124,369
Investments, at Cost	<u>2,717,433</u>	<u>1,871,546</u>
Total Current Assets	<u>3,071,281</u>	<u>2,130,164</u>
<b>PROPERTY AND EQUIPMENT</b>		
Building and Improvements	3,642,654	3,561,624
Building - Kyle Building	512,448	512,448
Youth Symphony Orchestra Equipment	165,436	143,461
Temple Music Center	164,614	35,660
Furniture	161,445	161,445
Children's Museum	108,316	108,316
Office Equipment	100,757	77,758
Automobiles	42,514	42,514
Construction in Progress	<u>573,145</u>	<u>37,239</u>
	5,471,329	4,680,465
Less Accumulated Depreciation	<u>3,321,135</u>	<u>3,157,930</u>
	<u>2,150,194</u>	<u>1,522,535</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 5,221,475</u></u>	<u><u>\$ 3,652,699</u></u>

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

GADSDEN CULTURAL ARTS FOUNDATION, INC.

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

DECEMBER 31, 2025 AND 2024

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<u>LIABILITIES AND NET ASSETS</u>	<u>2025</u>	<u>2024</u>
CURRENT LIABILITIES		
Payroll Tax Liabilities and Other Withholdings	\$ 9,901	\$ 9,715
Total Current Liabilities	<u>9,901</u>	<u>9,715</u>
NET ASSETS		
Without Donor Restrictions	<u>5,211,574</u>	<u>3,642,984</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,221,475</u>	<u>\$ 3,652,699</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, 2025 AND 2024

	2025	2024
<b>SUPPORT AND REVENUE</b>		
Pledges, Fundraising, and Legacy	\$ 1,420,204	\$ 155,764
Grants	499,100	483,500
School	407,299	438,816
Imagination Place and Other Activities	271,599	269,901
Etowah Youth Orchestra	165,128	141,207
Memberships	22,350	26,950
Projects	13,230	21,015
Gadsden Symphony Orchestra	4,130	7,820
Miscellaneous	3,771	2,885
Exhibits	3,000	3,000
	<u>2,809,811</u>	<u>1,550,858</u>
<b>EXPENSES</b>		
Program Services		
School	367,854	353,505
Etowah Youth Orchestra	267,986	283,587
Imagination Place	164,029	153,047
Gadsden Symphony Orchestra	22,413	62,317
Exhibits	16,259	26,214
Management and General		
Personnel	342,713	365,724
Operating Expenses	232,922	222,902
Depreciation	163,205	154,889
Building Expenses	109,314	116,975
Fundraising and Legacy	16,627	3,610
	<u>1,703,322</u>	<u>1,742,770</u>
<b>OTHER INCOME (EXPENSES)</b>		
Gain on Investment Securities	402,618	70,160
Dividend Income	48,688	52,836
Interest Income	10,795	6,331
Loss on Disposal of Fixed Assets	-	(6,570)
	<u>462,101</u>	<u>122,757</u>
<b>CHANGE IN NET ASSETS</b>	1,568,590	(69,155)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,642,984</u>	<u>3,712,139</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 5,211,574</u>	<u>\$ 3,642,984</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, 2025 AND 2024

Functional Expenses	2025									
	Program Activities					Supporting Activities				
	School	Etowah Youth Orchestra	Imagination Place	Exhibits	Gadsden Symphony Orchestra	Programs Subtotal	General and Administrative	Fund-Raising	Supporting Subtotal	Total
Payroll and Related Benefits	\$ 307,476	\$ 216,490	\$ 140,399	\$ -	\$ 6,500	\$ 670,865	\$ 342,713	\$ -	\$ 342,713	\$ 1,013,578
Depreciation	-	-	-	-	-	-	163,205	-	163,205	163,205
Utilities	-	15,942	-	-	-	15,942	109,314	-	109,314	125,256
Supplies and Program Services	50,175	8,740	6,482	16,259	52	81,708	158	-	158	81,866
Insurance	-	-	-	-	-	-	64,039	-	64,039	64,039
Events Expenses	-	16,107	16,029	-	486	32,622	14,773	-	14,773	47,395
Repairs and Maintenance	-	70	1,119	-	-	1,189	34,902	-	34,902	36,091
Bank Charges	9,140	-	-	-	-	9,140	15,153	-	15,153	24,293
Investment Fees	-	-	-	-	-	-	21,780	-	21,780	21,780
Advertising	-	322	-	-	-	322	21,271	-	21,271	21,593
Professional Fees	-	4,074	-	-	-	4,074	14,231	-	14,231	18,305
Service Contracts	-	-	-	-	-	-	17,361	-	17,361	17,361
Fundraising	-	-	-	-	-	-	-	16,627	16,627	16,627
Contract Labor	-	650	-	-	15,375	16,025	-	-	-	16,025
Membership Expenses	-	-	-	-	-	-	6,910	-	6,910	6,910
Small Tools and Equipment	-	1,357	-	-	-	1,357	5,359	-	5,359	6,716
Dues and Subscriptions	-	-	-	-	-	-	6,354	-	6,354	6,354
Travel and Training	-	-	-	-	-	-	5,648	-	5,648	5,648
Printing	-	3,998	-	-	-	3,998	-	-	-	3,998
Office Expense	1,063	236	-	-	-	1,299	2,540	-	2,540	3,839
Postage	-	-	-	-	-	-	2,443	-	2,443	2,443
<b>Total Functional Expenses</b>	<b>\$ 367,854</b>	<b>\$ 267,986</b>	<b>\$ 164,029</b>	<b>\$ 16,259</b>	<b>\$ 22,413</b>	<b>\$ 838,541</b>	<b>\$ 848,154</b>	<b>\$ 16,627</b>	<b>\$ 864,781</b>	<b>\$ 1,703,322</b>

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GADSDEN CULTURAL ARTS FOUNDATION, INC.

STATEMENTS OF FUNCTIONAL EXPENSES - MODIFIED CASH BASIS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

Functional Expenses	2024									
	Program Activities					Supporting Activities				
	School	Etowah Youth Orchestra	Imagination Place	Exhibits	Gadsden Symphony Orchestra	Programs Subtotal	General and Administrative	Fund-Raising	Supporting Subtotal	Total
Payroll and Related Benefits	\$ 299,528	\$ 228,160	\$ 129,107	\$ -	\$ 9,000	\$ 665,795	\$ 365,724	\$ -	\$ 365,724	\$ 1,031,519
Depreciation	-	-	-	-	-	-	154,889	-	154,889	154,889
Utilities	-	17,160	-	-	-	17,160	116,975	-	116,975	134,135
Supplies and Program Services	41,735	11,258	4,572	26,214	2,597	86,376	669	-	669	87,045
Events Expense	-	17,335	16,607	-	2,145	36,087	25,789	-	25,789	61,876
Insurance	-	-	-	-	-	-	55,222	-	55,222	55,222
Contract Labor	-	1,435	-	-	48,575	50,010	-	-	-	50,010
Repairs and Maintenance	-	104	2,761	-	-	2,865	34,099	-	34,099	36,964
Bank Charges	9,149	26	-	-	-	9,175	12,571	-	12,571	21,746
Investment Fees	-	-	-	-	-	-	20,587	-	20,587	20,587
Advertising	-	389	-	-	-	389	18,478	-	18,478	18,867
Professional Fees	-	2,171	-	-	-	2,171	14,462	-	14,462	16,633
Service Contracts	-	-	-	-	-	-	15,284	-	15,284	15,284
Small Tools and Equipment	-	1,549	-	-	-	1,549	6,668	-	6,668	8,217
Travel and Training	-	-	-	-	-	-	7,231	-	7,231	7,231
Office Expense	3,093	743	-	-	-	3,836	1,208	-	1,208	5,044
Dues and Subscriptions	-	-	-	-	-	-	4,414	-	4,414	4,414
Printing	-	3,257	-	-	-	3,257	400	-	400	3,657
Membership Expenses	-	-	-	-	-	-	3,615	-	3,615	3,615
Fundraising	-	-	-	-	-	-	-	3,610	3,610	3,610
Postage	-	-	-	-	-	-	2,205	-	2,205	2,205
<b>Total Functional Expenses</b>	<b>\$ 353,505</b>	<b>\$ 283,587</b>	<b>\$ 153,047</b>	<b>\$ 26,214</b>	<b>\$ 62,317</b>	<b>\$ 878,670</b>	<b>\$ 860,490</b>	<b>\$ 3,610</b>	<b>\$ 864,100</b>	<b>\$ 1,742,770</b>

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, 2025 AND 2024

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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 (U.S. GAAP). Under this basis of accounting, revenues are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred.

In addition, investments are recorded at cost. Under U.S. GAAP, investments are generally reported at fair value. The modified cash basis of accounting does not require investments to be adjusted to fair value.

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, 2025, the Foundation's uninsured cash balances totaled \$45,314. At December 31, 2024, all the Foundation's cash balances were insured.

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

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GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 – Net assets subject to donor-imposed restrictions. Some donor imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. There were no net assets with donor restrictions as of December 31, 2025 and 2024.

Net Assets without Donor Restrictions – The part of net assets that are available for use at the organization’s discretion and are not constrained by specific donor 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 designated by 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 – modified cash basis and the statements of functional expenses – modified cash basis. Accordingly, certain costs have been allocated among the programs and supporting services. General and administrative expenses, program activities, and fundraising costs have been allocated or charged as direct cost to each activity.

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GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAXES

There is no provision for income taxes for charitable purpose income since the Foundation is a not-for-profit organization 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.

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 17, 2026, which is the date the financial statements were available to be issued.

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GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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, 2025 and 2024, was \$3,190,915 and \$2,545,434, respectively.

	<u>December 31, 2025</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and Money Funds	\$ 57,413	\$ 57,413	\$ -
Equities	<u>2,717,433</u>	<u>3,133,502</u>	<u>416,069</u>
	<u>\$ 2,774,846</u>	<u>\$ 3,190,915</u>	<u>\$ 416,069</u>
	<u>December 31, 2024</u>		
	<u>Cost</u>	<u>Fair Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Cash and Money Funds	\$ 124,369	\$ 124,369	\$ -
Equities	<u>1,871,546</u>	<u>2,421,065</u>	<u>549,519</u>
	<u>\$ 1,995,915</u>	<u>\$ 2,545,434</u>	<u>\$ 549,519</u>

(Continued)

GADSDEN CULTURAL ARTS FOUNDATION, INC.

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025 AND 2024

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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>2025</u>	<u>2024</u>
Interest Income	\$ 10,795	\$ 6,331
Dividend Income	48,688	52,836
Gain on Investment Securities	<u>402,618</u>	<u>70,160</u>
	<u>\$ 462,101</u>	<u>\$ 129,327</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 \$31,445 and \$37,934 to the plan during the years ended December 31, 2025 and 2024.

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>2025</u>	<u>2024</u>
Cash	\$ 296,435	\$ 134,249
Investments - Cash	<u>57,413</u>	<u>124,369</u>
Total	<u>\$ 353,848</u>	<u>\$ 258,618</u>