

SARATOGA ARTS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2022

SARATOGA ARTS, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Saratoga Arts, Inc.
Saratoga Springs, New York

I have audited the accompanying financial statements of Saratoga Arts, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses and cash flows for the year 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 accounting principles generally accepted in the United States of America; this includes 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 Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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 auditor's 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Saratoga Arts, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for year then ended in accordance with accounting principles generally accepted in the United States of America.

Joseph P. LaFiura

Certified Public Accountant P.C.

Saratoga Springs, New York
November 14, 2023

SARATOGA ARTS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

-ASSETS-

Current Assets

Cash and Cash Equivalents	5,512
Cash and Cash Equivalents - Temp. Restricted	164,256
Investments - Temp. Restricted	109,484
Accounts Receivable	28,250
Total Current Assets	307,502

Endowment Investments

Cash and Cash Equivalents	5,654
Bonds	49,515
Mutual Funds	148,769
Total Endowment Investments	203,938

Property and Equipment

Leasehold Improvements	400,283
Equipment	88,885
Furniture & Fixtures	156,807
Total Property and Equipment	645,975
Less: Accumulated Depreciation	411,494
Net Property and Equipment	234,481

Total Assets	745,921
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-LIABILITIES AND NET ASSETS-

Current Liabilities

Accounts Payable	11,560
Payroll Taxes Payable	2,684
Line of Credit	90,051
Deferred Revenue	0
Total Current Liabilities	104,295
Notes Payable	0

Total Liabilities	104,295
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Net Assets

Without Donor Restrictions:

Operating	-70,533
Board Designated	203,938
Property & Equipment	234,481
Total Without Donor Restrictions	367,886

With Donor Restrictions:

Temporarily Restricted	273,740
Total Without Donor Restrictions	273,740

Total Net Assets	641,626
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Total Liabilities and Net Assets	745,921
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See Accompanying Notes to Financial Statements

SARATOGA ARTS, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Public Support and Revenues</u>			
Contributions	29,461	109,815	139,276
Grant Revenue	283,675	0	283,675
Investment Income	(53,298)	(24,399)	(77,697)
Membership Dues	35,330	0	35,330
Program Service Revenue	181,416	0	181,416
Special Events (net of expenses of \$0 and \$1,123)	0	0	0
Rental Income	27,363	0	27,363
Other Income	695	0	695
Net Assets Released from Restrictions	23,453	(23,453)	0
Total Public Support and Revenues	<u>528,095</u>	<u>61,963</u>	<u>590,058</u>
 <u>Expenses</u>			
Program Services	599,719	0	599,719
Special Events	0	0	0
General and Administrative	83,160	0	83,160
Total Expenses	<u>682,879</u>	<u>0</u>	<u>682,879</u>
 Change in Net Assets	 (154,784)	 61,963	 (92,821)
Net Assets, Beginning of Year	<u>522,670</u>	<u>211,777</u>	<u>734,447</u>
Net Assets, End of Year	<u>367,886</u>	<u>273,740</u>	<u>641,626</u>

See Accompanying Notes to Financial Statements

SARATOGA ARTS, INC.
 STATEMENTS OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Services</u>	<u>Special Events</u>	<u>General and Administrative</u>	<u>2022 Total</u>
Advertising/Public Rel.	1,903	0	0	1,903
Art in Public Places	6,712	0	0	6,712
Art in the Park	5,769	0	0	5,769
Arts Center Gallery	15,997	0	0	15,997
Art Classes	14,982	0	0	14,982
Bank Charges	0	0	10,563	10,563
Depreciation	25,007	0	2,778	27,785
Development	0	0	5,559	5,559
Dues/Subscriptions	0	0	4,965	4,965
Employee Benefits	5,808	0	0	5,808
General Maintenance	16,570	0	1,841	18,411
Insurance	10,490	0	1,165	11,655
Interest Expense	0	0	1,485	1,485
Occupancy	40,935	0	4,548	45,483
Office Supplies	5,702	0	634	6,336
Operating Supplies	2,281	0	0	2,281
Payroll	259,407	0	28,823	288,230
Payroll Taxes	22,327	0	2,481	24,808
Performance Expenses	4,514	0	0	4,514
Postage	506	0	56	562
Professional Fees	0	0	18,262	18,262
NYSCA Regrant	160,809	0	0	160,809
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses	<u>599,719</u>	<u>0</u>	<u>83,160</u>	<u>682,879</u>

See Accompanying Notes to Financial Statements

SARATOGA ARTS, INC
 STATEMENTS OF CASH FLOWS
 FOR THE YEARS ENDED MARCH 31, 2022 AND 2021

<u>Cash Flows from Operating Activities</u>	
Change in Net Assets	(92,821)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	27,785
Unrealized (Gain)Loss on Investments	85,503
(Increase) Decrease in Accounts Receivable	(28,003)
(Increase) Decrease in Pledges Receivable	18,290
Increase (Decrease) in Accounts Payable	3,971
Increase (Decrease) in Payroll Taxes Payable	(69)
Increase (Decrease) in Due to NYSCA	(40,372)
Increase (Decrease) in Deferred Revenue	<u>(1,575)</u>
Net Cash (Used)Provided by Operating Activities	<u>(27,291)</u>
<u>Cash Flow from Investing Activities</u>	
Purchase of Property and Equipment	(37,492)
Net Sale(Purchase) of Investments	<u>81,677</u>
Net Cash (Used)Provided by Investing Activities	<u>44,185</u>
<u>Cash Flow from Financing Activities</u>	
Advances/(Payments) on Line of Credit	<u>77,995</u>
Net Cash (Used)Provided by Financing Activities	<u>77,995</u>
Net Increase(Decrease) in Cash and Cash Equivalents	94,889
Cash and Cash Equivalents, Beginning of Year	<u>80,533</u>
Cash and Cash Equivalents, End of Year	<u><u>175,422</u></u>
Supplemental Disclosure of Cash Flow Information:	
Interest Paid	<u><u>1,485</u></u>

See Accompanying Notes to Financial Statements

SARATOGA ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A. Organization

Saratoga Arts, Inc. is a non-profit corporation operating under the laws of the State of New York. The organization has been granted exemption from federal income taxation pursuant to Section 501(c)(3) of the Internal Revenue Code.

B. Basis of Accounting

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

C. Accounting for Net Assets

The Organization's net assets, the excess of assets over liabilities, are reported in two mutually exclusive classes:

Net Assets Without Donor Restrictions – represents the portion of net assets that is not subject to donor-imposed restrictions.

Net Assets With Donor Restrictions – represents the portion of net assets that is subject to donor-imposed restrictions.

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. However, donor restricted contributions whose restrictions are met within the same fiscal year are reported as unrestricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets.

SARATOGA ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

D. Property and Equipment

Property and equipment are recorded at cost when purchased. Property and equipment, with an original cost of \$300 or greater, are capitalized when purchased. Repairs and maintenance are expensed and betterments that extend the life or capacity of the asset are capitalized. Depreciation is recorded on the straight-line basis. The useful lives used to depreciate assets are as follows:

Leasehold Improvements	10-15 years
Equipment	5 years
Furniture and Fixtures	7 years

E. 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. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

F. Donated Services and Materials

Donated services and materials are reflected as revenue and expense in the accompanying statements at their estimated values on the date of receipt.

G. Cash and Cash Equivalents

For purposes of the statements of cash flow, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported accounts and disclosures. Accordingly, actual results could differ from these estimates.

SARATOGA ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

2. PROGRAM SERVICES

A. Art in Public Places

This program supports member visual artists in their quest to find venues for their artwork, and also promotes art exhibits in some of the rural areas of the county. The exhibits are held in diverse venues such as county libraries, health care facilities, and small business establishments. Saratoga Arts has between five and seven “Art in Public Places” locations.

B. Art in the Park

A service to member and non-member visual artists as another venue to show and sell their artwork. This free-admission event for the community is held once in July and once in September and incorporates up to 80 visual artists in each show. Musical performances are featured also. Over the years the audience has grown significantly and people from all over the greater Capital District attend this fun event.

C. Decentralization Grants Program

Saratoga Arts administers decentralization grants funded by the New York State Council on the Arts to non-profit organizations and artists to promote new and innovative programming in Saratoga County. Saratoga Arts coordinates the program, appoints applications review panels and advisory committees, sets the application criteria, audits and reviews funded programs. Grant recommendations are approved by the Board of Directors.

SARATOGA ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

D. The Arts Center Gallery

The Arts Center Gallery is a space for visual artists to exhibit their work. The gallery is open to Saratoga Arts member artists and other visual artists within a 150 mile radius of Saratoga Springs, NY. Exhibits are changed every four to six weeks and except for one member show a year, all exhibits are juried. The Arts Center Gallery also conducts gallery talks and special receptions for the public. The talks and receptions encourage audiences to meet the artists and learn more about the artistic process. There is also a small gift shop adjacent to the gallery featuring handcrafted work by Arts Council members.

E. Art Classes and Workshops

Saratoga Arts offers a variety of art classes and workshops by local teachers and artists in all arts genres for children and adults. Classes in weaving, watercolor, photography, life drawing, music, printing, writing etc. run in 6 to 8 week cycles, 4 to 6 times per year. Week long visual art camps for ages 5 to 18 are offered 4 times a year with the summer camp session running 8-10 weeks. Specialty arts and culture lectures and weekend workshops run all year long.

F. The Arts Center Facility

The Organization moved into the former Saratoga Springs Public Library building in April of 1996 and completed a complete renovation at that time. Initial renovations included visual art gallery spaces, handicapped accessible restrooms, administrative offices, multiple classroom and rehearsal spaces, a multi-use theater space equipped with a sound system, theatrical lighting and stage area. The installation of an elevator has ensured that the building is completely handicapped accessible. Because the Arts Center building is now 74 years old, and the initial renovations were 25 years old, renovations and ongoing maintenance are needed on a regular basis.

SARATOGA ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

3. LIQUIDITY AND AVAILABILITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a budget and anticipates collecting sufficient revenue to cover general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	<u>\$175,422</u>
Total Financial Assets Available Within One Year	175,422
Less:	
Amounts unavailable for general expenditure within one year:	
Restricted by donors with purpose restrictions	<u>(169,910)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 5,512</u>

4. LINE OF CREDIT

The Organization has a line of credit with the Adirondack Trust Company with a maximum amount available for borrowing of \$91,000 and an interest rate of 2%. The line of credit was \$90,051 as of December 31, 2022.

SARATOGA ARTS, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

5. OPERATING LEASE COMMITMENT

The Organization has a ten-year operating lease for the Community Arts Center building requiring rent of \$12,000 annually through March, 2028. An option for an additional ten-year term is available through March, 2038. Rent expense was \$12,000 for the year ending December 31, 2022.

The following is a schedule of future minimum rentals under the lease at December 31, 2022:

December 31, 2023	\$12,000
December 31, 2024	12,000
December 31, 2025	12,000
December 31, 2026	12,000
December 31, 2027	12,000
Thereafter	3,000

6. ENDOWMENT INVESTMENTS

Investments at December 31, 2022 were as follows:

	<u>Cost</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 5,654	\$ 5,654
Bonds	59,020	49,515
Mutual Funds	179,284	148,769
	<u>\$243,958</u>	<u>\$203,938</u>

Investment Income for the nine months ended December 31, 2022 was as follows:

Interest Income	\$ 208
Dividend Income	5,053
Unrealized/Realized Gain (Loss)	<u><58,680></u>
	<u>\$<53,419></u>

SARATOGA ARTS, INC.
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2022

7. ARTS IN EDUCATION INVESTMENTS

Investments at December 31, 2022 is as follows:

	<u>Cost</u>	<u>Fair Value</u>
Bonds	\$ 38,804	\$ 33,385
Mutual Funds	<u>72,601</u>	<u>76,099</u>
Investments – Temp. Restricted	111,405	109,484
Cash & Cash Equivalents	<u>3,645</u>	<u>3,645</u>
Total AIE Investments	<u>\$115,050</u>	<u>\$113,129</u>

Investment Income of the nine months ended December 31, 2022 is as follows:

Interest Income	\$ 6
Dividend Income	2,418
Unrealized/Realized Gain(Loss)	<u><26,823></u>
	<u>\$<24,399></u>

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 have not been fully utilized and the funds available are as follows:

	<u>2022</u>
Arts in Education	\$113,129
Capital Campaign	<u>160,611</u>
Temporarily Restricted Net Assets	<u>\$273,740</u>

9. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between January 1, 2023 and November 14, 2023, which is the date the financial statements were available to be issued, for possible disclosure and recording in the financial statements. Based on this evaluation, besides the items noted below, the Organization is not aware of any additional subsequent events that require recording or disclosure.