

SARATOGA ARTS, INC.  
FINANCIAL STATEMENTS  
DECEMBER 31, 2021

SARATOGA ARTS, INC.

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# JOSEPH P. LAFIURA

CERTIFIED PUBLIC ACCOUNTANT, P.C.

## 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 not-for-profit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for nine months 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.

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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, 2021, and the changes in its net assets and its cash flows for the nine months 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 2, 2022

SARATOGA ARTS, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021

-ASSETS-

Current Assets

Cash and Cash Equivalents	20,108
Cash and Cash Equivalents - Temp. Restricted	56,602
Accounts Receivable	247
Pledges Receivable - Current	11,000
Investments - Temp. Restricted	<u>136,885</u>
Total Current Assets	<u>224,842</u>

Endowment Investments

Cash and Cash Equivalents	3,823
Bonds	81,455
Mutual Funds	<u>256,608</u>
Total Endowment Investments	<u>341,886</u>

Property and Equipment

Leasehold Improvements	381,093
Equipment	88,885
Furniture & Fixtures	<u>138,505</u>
Total Property and Equipment	608,483
Less: Accumulated Depreciation	<u>383,709</u>
Net Property and Equipment	<u>224,774</u>

Other Assets

Pledges Receivable	<u>7,290</u>
Total Other Assets	<u>7,290</u>
Total Assets	<u><u>798,792</u></u>

SARATOGA ARTS, INC.  
STATEMENT OF FINANCIAL POSITION  
DECEMBER 31, 2021

-LIABILITIES AND NET ASSETS-

Current Liabilities

Accounts Payable	7,589
Payroll Taxes Payable	2,753
Due to NYSCA	40,372
Line of Credit	12,056
Deferred Revenue	<u>1,575</u>

Total Current Liabilities	<u>64,345</u>
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Total Liabilities	<u>64,345</u>
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Net Assets

Without Donor Restrictions:

Operating	(43,990)
Board Designated	341,886
Property & Equipment	<u>224,774</u>
Total Without Donor Restrictions	<u>522,670</u>

With Donor Restrictions:

Temporarily Restricted	<u>211,777</u>
Total With Donor Restrictions	<u>211,777</u>

Total Net Assets	<u>734,447</u>
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Total Liabilities and Net Assets	<u><u>798,792</u></u>
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See Accompanying Notes to Financial Statements

SARATOGA ARTS, INC.  
STATEMENT OF ACTIVITIES  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Public Support and Revenues</u>			
Contributions	286,801	41,950	328,751
Grant Revenue	52,653	0	52,653
Investment Income	17,810	13,917	31,727
Membership Dues	22,759	0	22,759
Program Service Revenue	172,541	13,180	185,721
Special Events (net of expenses of \$6,140)	1,570	0	1,570
Rental Income	30,742	0	30,742
Other Income	193	0	193
Net Assets Released from Restrictions	29,957	(29,957)	0
Total Public Support and Revenues	<u>615,026</u>	<u>39,090</u>	<u>654,116</u>
 <u>Expenses</u>			
Program Services	315,198	0	315,198
General and Administrative	<u>44,937</u>	<u>0</u>	<u>44,937</u>
Total Expenses	<u>360,135</u>	<u>0</u>	<u>360,135</u>
 Change in Net Assets	254,891	39,090	293,981
Net Assets, Beginning of Year	<u>267,779</u>	<u>172,687</u>	<u>440,466</u>
Net Assets, End of Year	<u><u>522,670</u></u>	<u><u>211,777</u></u>	<u><u>734,447</u></u>

See Accompanying Notes to Financial Statements

SARATOGA ARTS, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

	<u>Program Services</u>	<u>General and Administrative</u>	<u>Total</u>
Advertising/Public Rel.	7,136	0	7,136
Art in Public Places	11,711	0	11,711
Art in the Park	2,405	0	2,405
Arts Center Gallery	11,007	0	11,007
Art Classes	50,463	0	50,463
Bank Charges	0	7,503	7,503
Computers/Software	5,117	569	5,686
Depreciation	12,033	1,337	13,370
Development	0	3,928	3,928
Dues/Subscriptions	0	631	631
General Maintenance	12,488	1,388	13,876
Insurance	6,492	721	7,213
Interest Expense	0	944	944
Occupancy	17,618	1,957	19,575
Office Supplies	2,572	643	3,215
Operating Supplies	1,640	0	1,640
Payroll	152,322	16,925	169,247
Payroll Taxes	12,660	1,407	14,067
Postage	330	82	412
Professional Fees	0	6,902	6,902
NYSCA Regrant	9,204	0	9,204
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Total Expenses	<u>315,198</u>	<u>44,937</u>	<u>360,135</u>

See Accompanying Notes to Financial Statements



SARATOGA ARTS, INC  
STATEMENT OF CASH FLOWS  
FOR THE NINE MONTHS ENDED DECEMBER 31, 2021

<u>Cash Flows from Operating Activities</u>	
Change in Net Assets	293,981
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	13,370
Unrealized (Gain)Loss on Investments	(22,760)
(Increase) Decrease in Accounts Receivable	(247)
(Increase) Decrease in Pledges Receivable	(18,290)
Increase (Decrease) in Accounts Payable	(123,414)
Increase (Decrease) in Payroll Taxes Payable	2,023
Increase (Decrease) in Due to NYSCA	40,372
Increase (Decrease) in Deferred Revenue	<u>(18,750)</u>
Net Cash (Used)Provided by Operating Activities	<u>166,285</u>
<u>Cash Flow from Investing Activities</u>	
Purchase of Property and Equipment	(46,756)
Net Sale(Purchase) of Investments	<u>(263,494)</u>
Net Cash (Used)Provided by Investing Activities	<u>(310,250)</u>
<u>Cash Flow from Financing Activities</u>	
Advances/(Payments) on Line of Credit	(60,244)
Proceeds from Notes Payable	<u>(52,563)</u>
Net Cash (Used)Provided by Financing Activities	<u>(112,807)</u>
Net Increase(Decrease) in Cash and Cash Equivalents	(256,772)
Cash and Cash Equivalents, Beginning of Year	<u>337,305</u>
Cash and Cash Equivalents, End of Year	<u><u>80,533</u></u>
Supplemental Disclosure of Cash Flow Information:	
Interest Paid	<u><u>944</u></u>

See Accompanying Notes to Financial Statements

SARATOGA ARTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

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, 2021

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, 2021

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  
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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 in all media for children and adults. Classes in weaving, watercolor, photography, life drawing, illustration, etc. run in six week cycles four to five times during the year. A summer all-day art camp for children is also offered. The summer art camp grows stronger each year adding additional weeks and attracting more students.

F. The Arts Center Facility

The Organization moved into the former Saratoga Springs Public Library building in April, 1996 and has completed the major renovation of the facility. Because the Arts Center building is 50 years old, minor changes will be ongoing as the building will always need some renovations. The completed renovations include a visual arts gallery, handicapped accessible rest rooms, administrative offices, a theater space equipped with sound system, theatrical lighting and stage area. The installation of an elevator has insured that the building is completely handicapped accessible.

SARATOGA ARTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
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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>\$80,533</u>
Total Financial Assets Available Within One Year	80,533
Less:	
Amounts unavailable for general expenditure within one year:	
Restricted by donors with purpose restrictions	<u>(33,614)</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 46,919</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 \$75,000 and an interest rate of 4%. The line of credit was \$12,056 as of December 31, 2021.

SARATOGA ARTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
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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 \$9,000 for the nine months ending December 31, 2021.

The following is a schedule of future minimum rentals under the lease at December 31, 2021:

December 31, 2022	\$12,000
December 31, 2023	12,000
December 31, 2024	12,000
December 31, 2025	12,000
December 31, 2026	12,000
Thereafter	15,000

6. ENDOWMENT INVESTMENTS

Investments at December 31, 2021 were as follows:

	<u>Cost</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 3,823	\$ 3,823
Bonds	82,596	81,455
Mutual Funds	<u>244,103</u>	<u>256,608</u>
	<u>\$330,503</u>	<u>\$341,886</u>

Investment Income for the nine months ended December 31, 2021 was as follows:

Interest Income	\$ 29
Dividend Income	2,530
Unrealized/Realized Gain (Loss)	<u>14,301</u>
	<u>\$16,860</u>

SARATOGA ARTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

7. ARTS IN EDUCATION INVESTMENTS

Investments at December 31, 2021 is as follows:

	<u>Cost</u>	<u>Fair Value</u>
Bonds	\$32,848	32,822
Mutual Funds	<u>76,746</u>	<u>104,063</u>
Investments – Temp. Restricted	109,594	136,885
Cash & Cash Equivalents	<u>1,472</u>	<u>1,472</u>
Total AIE Investments	<u>\$111,066</u>	<u>\$138,357</u>

Investment Income of the nine months ended December 31, 2021 is as follows:

Interest Income	\$ 1
Dividend Income	1,588
Unrealized/Realized Gain(Loss)	<u>13,191</u>
	<u>\$14,780</u>

8. DEFERRED REVENUE

The Organization's deferred revenue consists of the following as of December 31, 2021:

	<u>2021</u>
Art Classes	<u>\$1,575</u>
	<u>\$1,575</u>

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2021 have not been fully utilized and the funds available are as follows:

	<u>2021</u>
Arts in Education	\$138,357
NYSCA Regrant	13,180
Capital Campaign	<u>60,240</u>
Temporarily Restricted Net Assets	<u>\$211,777</u>



SARATOGA ARTS, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2021

10. EVALUATION OF SUBSEQUENT EVENTS

The Organization has evaluated events and transactions that occurred between January 1, 2022 and November 2, 2022, 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.