

GREENVILLE ARTS FESTIVAL D/B/A ARTISPHERE

GREENVILLE, SOUTH CAROLINA

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2021

GREENVILLE ARTS FESTIVAL D/B/A ARTISPHERE

GREENVILLE, SOUTH CAROLINA

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors and Management  
Greenville Arts Festival D/B/A Artisphere  
Greenville, South Carolina

I have audited the accompanying financial statements of Greenville Arts Festival D/B/A Artisphere (a nonprofit organization) which comprise the statement of financial position as of September 30, 2021, and the related statements of activities 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 the 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 of 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 the audit opinion.

## Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greenville Arts Festival D/B/A Artisphere as of September 30, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## Report on Supplementary Information

The audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 13 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Rhonda J. Nage, CPA, PC*

Simpsonville, SC  
August 13, 2022

GREENVILLE ARTS FESTIVAL D/B/A ARTISPHERE

STATEMENT OF FINANCIAL POSITION  
SEPTEMBER 30, 2021

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ASSETS

CURRENT ASSETS:

Cash	\$308,885
Pledges receivable	1,500
Prepaid expenses	<u>6,140</u>

Total Current Assets	<u>316,525</u>
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ENDOWMENT FUND	<u>79,802</u>
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PROPERTY AND EQUIPMENT	<u>18,590</u>
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TOTAL ASSETS	<u>\$414,917</u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:

Accrued expenses	\$ 6,017
Deferred revenue	<u>28,373</u>

Total Current liabilities	<u>34,390</u>
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NET ASSETS:

Unrestricted	300,725
Temporarily restricted	-
Permanently restricted	<u>79,802</u>

Total Net Assets	<u>380,527</u>
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TOTAL LIABILITIES AND NET ASSETS	<u>\$414,917</u>
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The accompanying notes are an integral part  
of the financial statements.

GREENVILLE ARTS FESTIVAL D/B/A ARTISPHERE

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>Unrestricted</u>	<u>Temporarily/ Permanently Restricted</u>	<u>Total</u>
REVENUES, GAINS AND OTHER SUPPORT:			
Contributions	\$ 262,650	\$ -	\$ 262,650
Sponsorships	676,491	-	676,491
Government grants	-	180,003	180,003
Foundation grants	50,000	25,000	75,000
Other grants	52,100	-	52,100
Program service fees	169,801	-	169,801
Investment income	<u>254</u>	<u>13,072</u>	<u>13,326</u>
	1,211,296	218,075	1,429,371
Net assets released from restrictions	<u>205,003</u>	<u>(205,003)</u>	<u>-</u>
Total Revenues, Gains, and Other Support	<u>1,416,299</u>	<u>13,072</u>	<u>1,429,371</u>
Expenses:			
Program services	1,237,775	-	1,237,775
Management and general	22,725	-	22,725
Fundraising	<u>16,645</u>	<u>-</u>	<u>16,645</u>
Total Expenses	<u>1,277,145</u>	<u>-</u>	<u>1,277,145</u>
INCREASE IN NET ASSETS	139,154	13,072	152,226
NET ASSETS, Beginning of year	<u>161,571</u>	<u>66,730</u>	<u>228,301</u>
NET ASSETS, End of year	<u>\$ 300,725</u>	<u>\$ 79,802</u>	<u>\$ 380,527</u>

The accompanying notes are an integral part  
of the financial statements.

GREENVILLE ARTS FESTIVAL D/B/A ARTISPHERE

STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from contributions	\$235,635
Cash received from sponsorships	292,250
Cash received from governmental grants	77,625
Cash received from foundations grants	99,000
Cash received from other grants	55,100
Cash received from event revenue	86,998
Cash received from interest income	254
Cash disbursed for direct program expenses	( 1,017,187)
Cash disbursed for management and general expenses	( 23,492)
Cash disbursed for fundraising expenses	<u>( 13,942)</u>

NET CASH USED FOR OPERATING ACTIVITIES (207,759)

CASH FLOWS USED FOR INVESTING ACTIVITIES:

Cash disbursed for furniture and fixtures	<u>(13,402)</u>
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CASH FLOWS PROVIDED BY FINANCING ACTIVITIES

Cash disbursed to the SBA (Small Business Association)	<u>(149,900)</u>
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NET DECREASE IN CASH (371,061)

CASH, Beginning of year 679,946

CASH, End of year \$308,885

The accompanying notes are an integral part  
of the financial statements.

GREENVILLE ARTS FESTIVAL D/B/A ARTISPHERE

STATEMENT OF CASH FLOWS (CONTINUED)  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

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RECONCILIATION OF CHANGES IN NET ASSETS TO NET CASH  
USED FOR OPERATING ACTIVITIES:

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase in net assets	\$ 139,154
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Amortization and depreciation	5,666
Decrease in Pledges receivable	14,235
Decrease in Grant receivable	3,000
Decrease in Prepaid expenses	3,756
Decrease in Accrued expenses	(21,827)
Decrease in Deferred revenue	<u>(351,743)</u>
 NET CASH USED BY OPERATING ACTIVITIES	 <u>\$ (207,759)</u>

The accompanying notes are an integral part  
of the financial statements.



GREENVILLE ARTS FESTIVAL D/B/A ARTISPHERE

NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2021

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Nature of Activities: Greenville Arts Festival D/B/A Artisphere (the “Organization”) is a nonprofit entity organized to create a nationally recognized fine arts festival that enhances quality of life and economic vitality in South Carolina. The Organization has obtained exemption from federal income tax under section 501(c) (3) of the Internal Revenue Code as an organization which is not a private foundation. Therefore, no provision for income taxes has been included in the financial statements. After the Organization has filed its required tax returns, open years for examination by the tax agencies is generally three years after the date the return is filed.
- B. Basis of Accounting: The accounts of the Organization are maintained, and the financial statements are prepared on the accrual method of accounting. Accordingly, revenues are recognized when earned, and expenses are recognized when incurred.
- C. Adoption of SFAS Nos. 116 and 117: The Organization has adopted Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made, and SFAS No. 117, Financial Statements of Not-For-Profit Organizations.

SFAS No. 117 establishes standards for external financial reporting by nonprofit organizations and requires that resources be classified for accounting and reporting purposes into three net asset categories as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed restrictions.

Temporarily restricted net assets – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization and/or the passage of time. For the year ended September 30, 2021, the Organization received contributions that were subject to donor-imposed restrictions on the use of the monies. At September 30, 2021, the Organization had \$-0- temporarily restricted net assets.

Permanently restricted net assets – Net assets subject to donor-imposed restrictions that are required to be permanently maintained by the Organization. For the year ended September 30, 2021, the Organization had \$79,802 of permanently restricted net assets.

## NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

SFAS No. 116 requires that contributions be recognized as revenues in the period received, and requires the Organization to distinguish between contributions received for each net asset category in accordance with donor-imposed restrictions. Under SFAS No. 116, unconditional promises to give (pledges) are recorded as receivables and revenues in the period received. Conditional pledges are not recognized until the conditions are met. Contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. For the year ended September 30, 2021, the Organization received \$-0- contributions of services.

- D. Property, Plant and Equipment: Property, plant and equipment, including major renewals and betterments, are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation and/or amortization is computed over the estimated useful lives of the related assets using the straight-line method. Maintenance and repairs are charged to expense as incurred.

The estimated useful lives of property, plant and equipment for purposes of computing depreciation and amortization are:

Computers and Equipment	3 – 10 years
Furniture and Fixtures	3 – 10 years
Website	3 – 5 years

- E. Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. that affect the reported amount 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.
- F. Compensated Absences: Compensated absences have not been accrued because they cannot be reasonably estimated.
- G. Advertising: Advertising costs are expensed as incurred by the Organization. For the year ended September 30, 2021, there were \$314,109 of marketing expenses. Of this total, \$201,399 are in-kind expenses.
- H. Grant Receivable and Payable: Grant receivable represent funding which has been awarded. to the Organization but not received at year-end. There were \$-0- grant payable or receivable at September 30, 2021.

## NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- I. Fair Value of Instruments: The Organization's financial instruments are cash, pledges receivable, prepaid expenses, endowment fund, accrued expenses, and deferred revenue. The recorded values of cash, pledges receivable, prepaid expenses, accrued expenses, and deferred revenue approximate their fair values based on their short-term nature. The recorded value of the endowment fund approximates the fair value, as investment rates approximate market value.
- J. In Kind Contributions and Expenses: The Organization has a total of \$234,929 of in-kind contributions and expenses for the year ended September 30, 2021.
- K. Concentrations of Credit Risk: The Organization maintains its cash in bank accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

## NOTE 2 – PLEDGES RECEIVABLE

Other	<u>\$ 1,500</u>
Total Pledges Receivable	<u>\$1,500</u>

The Organization considers all pledge receivable to be fully collectible; accordingly, no allowance for doubtful accounts has been established.

## NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2021, consisted of the following:

Website Design	\$50,166
Office equipment	<u>14,846</u>
Total	<u>65,012</u>
Less: Accumulated depreciation/amortization	<u>(46,422)</u>
Net property and equipment	<u>\$18,590</u>

Amortization and depreciation expense for the year ended September 30, 2021, was \$5,666. The remaining depreciation and amortization through the year ended September 30, 2021 is \$18,590.

#### NOTE 4 - OPERATING LEASE AGREEMENT

The Organization has an operating lease agreement for the building in effect from October 1, 2015 through October 1, 2020. The lease amount is \$2,000 monthly for the year ended September 30, 2021. In addition, the organization has several small storage and parking rental agreements. Rent expense for the year ended September 30, 2021, was \$32,513. The Organization is in negotiations regarding the lease agreement after October 1, 2020.

Future minimum lease payments under non-cancelable operating leases during the next year ending September 30, are as follows:

2022	<u>\$ 24,000</u>
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#### NOTE 5 - CONTRIBUTIONS AND GRANTS

Contributions and grants received during the year ended September 30, 2021 were as follows:

Unrestricted:	
Private individuals	\$ 262,650
Sponsorships	441,562
Foundations	50,000
Other grants	<u>52,100</u>
Total Unrestricted	<u>806,312</u>
Restricted:	
County of Greenville Accommodations Grant	19,157
City of Greenville Accommodations Grant	34,670
South Carolina Arts Commission Grant	31,350
Government PPP Loans	91,826
EIDL Loan	3,000
Foundations	<u>25,000</u>
Total Restricted	<u>205,003</u>
Total Contributions and Grants	<u>\$ 1,011,315</u>

## NOTE 6 - ENDOWMENT FUND

During the year ended September 30, 2016, the Organization (Donor) created by way of two individuals donating money to a permanent endowment in the amount of \$50,453 held and managed by the Community Foundation of Greenville (Foundation).

At the creation of the endowment, an agreement was set up regarding investments and expenditures.

The fund will be allocated a pro-rata portion of the interest and unrealized gains or losses in the pooled investment account. The Foundation may charge fund expenses and fees which are customarily charged to other Advised funds at a rate adopted by the Board of Directors of the foundation. The Fund will also be charged its pro-rata share of the pooled account investment management fees.

The agreement states it is the intent of the donors that the fund be a permanent endowment fund and that distributions shall be made in accordance with the foundation's spending policy as set forth by the foundation and on approval by the Executive director, Board chair, and Treasurer of the Community Foundation of Greenville.

The endowment had a net market value increase of 12,286 (permanently restricted), investment income of \$1,847 and investment expenses of \$1,061 during the year ended September 30, 2021. The balance as of September 30, 2021, was \$79,802 and is reported as Endowment Fund on the Statement of Financial Position. There were no distributions to the organization during the year ended September 30, 2021.

The fund was composed of donor restricted funds as of September 30, 2021.

## NOTE 7 – DEFERRED REVENUE

During the year ended September 30, 2021, the Organization received an additional Payroll Protection Program ("PPP") loan, in the amount of \$41,275. At September 30, 2020, the Organization received a \$50,551 ("PPP") loan. Both loan amounts were forgiven on a systematic basis during the year ended September 30, 2021 and are included as government grant income on the Statement of Activities..

At September 30, 2021, all deferred revenue is recognized on the Statement of Financial Position.

## NOTE 8- GOVERNMENT SUBSIDIES AND GRANTS

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”) was enacted in the U.S. in response to the COVID 19 pandemic. The CARES Act includes provisions relating to forgivable Paycheck Protection Program (“PPP”) loans. On April 21, 2020, the organization received PPP loan proceeds of \$50,551. The PPP is evidenced by a promissory note (the “Note”) between Greenville Arts Festival D/B/A Artisphere and TD Bank (the “Lender”). The Note has a two-year term and bears interest at the rate of 1.0% per annum. No payments of principal or interest are due until ten months following the covered period of twenty-four weeks (the “Deferral Period”). Under the terms of the CARES Act, the principal and accrued interest under the note is forgivable after eight to twenty-four weeks if the Organization uses the PPP Loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and otherwise complies with PPP requirements. The Organization must repay any unforgiven principal amount of the Note, with interest, monthly following the Deferral Period. The Organization used the proceeds of the PPP Loan for eligible purposes and as noted in Note 7 was forgiven during the year ended September 30, 2021. In addition, the Organization received an additional amount of PPP loan in the amount of \$41,275 during the year ended September 30, 2021, of which it too was forgiven during the year ended September 30, 2021.

## NOTE 9-LONG TERM DEBT

As a result of the COVID 19 Coronavirus pandemic, the Organization was able to apply and received a Small Business Administration (SBA) loan in the amount of \$149,900. The terms of this loan are 2.75% interest, with 12 months no interest. At September 30, 2021, this loan was paid off.

## NOTE 10 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and 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.

## NOTE 11 - SUBSEQUENT EVENTS

Subsequent events were evaluated through August 13, 2022, the date the financial statements were available to be issued.

The Organization was able to hold a live festival in the spring of 2022.

Due to the uncertain nature of the Coronavirus, the future financial impact and duration cannot be reasonably estimated at this time.

No other events occurred which required disclosure.

SUPPLEMENTARY INFORMATION  
SCHEDULE 1

GREENVILLE ARTS FESTIVAL D/B/A ARTISPHERE

SCHEDULE OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	<u>(Allocations Unaudited)</u>			
	<u>Supporting Services</u>			
	<u>Direct Program Expenses</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total Functional Expenses</u>
Salaries and wages	\$ 225,525	14,550	\$ 2,425	\$ 242,500
Payroll taxes	17,496	1,129	188	18,813
Employee benefits	18,818	1,214	202	20,234
Visual arts	147,680	-	-	147,680
Performing Arts	23,480	-	-	23,480
Children's area	16,528	-	-	16,528
Opening night	107,273	-	-	107,273
Other special events	65,016	-	-	65,016
Food and refreshments	28,329	-	-	28,329
Photographer	2,000	-	-	2,000
Marketing	314,109	-	-	314,109
Site expense	86,153	-	-	86,153
Community support	29,716	-	-	29,716
Special projects	14,067	-	-	14,067
Professional fees	7,365	475	79	7,919
Rent	30,237	1,951	325	32,513
Utilities	7,513	485	81	8,079
Insurance	5,950	384	64	6,398
City services	49,000	-	-	49,000
Bank charges	3,950	255	42	4,247
Supplies	6,934	488	2,344	9,766
Amortization and depreciation	2,833	-	2,833	5,666
Fundraising expense	-	-	7,763	7,763
Sponsor fulfillment/amenities	14,873	960	160	15,993
Other Administrative & fees	<u>12,930</u>	<u>834</u>	<u>139</u>	<u>13,903</u>
	<u>\$1,237,775</u>	<u>\$ 22,725</u>	<u>\$ 16,645</u>	<u>\$1,277,145</u>

The accompanying notes are an integral part  
of the financial statements.