

**ARTS COUNCIL OF
YORK COUNTY, INC.**

FINANCIAL STATEMENTS

JUNE 30, 2023

ARTS COUNCIL OF
YORK COUNTY, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITOR’S REPORT	3
FINANCIAL STATEMENTS:	
Statement of Financial Position	5
Statement of Activities	6
Statement of Cash Flows	7
Statement of Functional Expenses	8
NOTES TO FINANCIAL STATMENTS	9



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Arts Council of York County, Inc.
Rock Hill, South Carolina

Opinion

We have audited the accompanying financial statements of Arts Council of York County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year 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 financial position of Arts Council of York County, Inc. as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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 Arts Council of York County, 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Arts Council of York County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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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 Arts Council of York County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- 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 Arts Council of York County, 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.



BURKETT, BURKETT & BURKETT
Certified Public Accountants, P.A.
Rock Hill, SC

October 11, 2023

Arts Council of York County, Inc.

Statement of Financial Position

June 30, 2023

ASSETS

Current assets

Cash	\$ 299,391
Petty cash	1,128
Contributions receivable	48,544
Beneficial interest in assets	<u>74,336</u>

Total current assets	423,399
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Property and equipment

Building	752,464
Building improvements	309,920
Leasehold improvements	199,302
Office equipment	19,020
Furniture and fixtures	21,530
Less: accumulated depreciation	<u>(752,959)</u>

Total property and equipment	<u>549,277</u>
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Total assets	<u><u>\$ 972,676</u></u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 9,237
Security deposits	<u>4,200</u>

Total liabilities	13,437
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Net assets

Without donor restrictions	959,239
With donor restrictions	<u>-</u>

Total net assets	<u>959,239</u>
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Total liabilities and net assets	<u><u>\$ 972,676</u></u>
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The notes to the financial statements are an integral part of this exhibit.

Arts Council of York County, Inc.

Statement of Activities

For the year ended June 30, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total Memorandum Only</u>
Support and Revenue			
Contributions - Annual Campaign	\$ 69,831	\$ -	\$ 69,831
Annual Gala	38,372	-	38,372
Grants	42,630	-	42,630
Accommodations tax	37,940	-	37,940
Programming	78,446	-	78,446
Facility revenue	105,307	-	105,307
Miscellaneous	1,383	-	1,383
Change in value of beneficial interest	4,280	-	4,280
Net assests released from restrictions	<u>-</u>	<u>-</u>	<u>-</u>
Total support and revenue	378,189	-	378,189
Expenses			
Grants			
Small grants	68,078	-	68,078
Fundraising	28,204	-	28,204
Program services			
Art management	24,201	-	24,201
Art gallery and studios	81,415	-	81,415
Publications and education	163,052	-	163,052
Support services	<u>140,001</u>	<u>-</u>	<u>140,001</u>
Total expenses	504,951	-	504,951
Change in net assets	(126,762)	-	(126,762)
Net assets, Beginning of Year	<u>1,086,001</u>	<u>-</u>	<u>1,086,001</u>
Net assets, End of Year	\$ <u><u>959,239</u></u>	\$ <u><u>-</u></u>	\$ <u><u>959,239</u></u>

The notes to the financial statements are an integral part of this exhibit.

Arts Council of York County, Inc.

Statement of Cash Flows

For the year ended June 30, 2023

Cash Flows from Operating Activities:

Change in net assets \$ (126,762)

Adjustments to reconcile change in net assets to net cash
provided by operating activities:

Depreciation 36,000

Change in value of beneficial interest (2,280)

Increase / decrease in:

Petty cash 72

Contributions receivable (8,642)

Deferred revenue (1,232)

Advance payments (9,000)

Security deposits 2,300

Accounts payable (10,797)

Net cash provided by / (used by) operating activities (120,341)

Cash Flows From Investing Activities:

Purchase of fixed assets (8,000)

Net cash provided by / (used by) investing activities (8,000)

Net increase / (decrease) in cash and cash equivalents (128,341)

Cash Balance, Beginning of Year 427,732

Cash Balance, End of Year \$ 299,391

Supplemental Data:

Interest paid \$ -

The notes to the financial statements are an integral part of this exhibit.

Arts Council of York County, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2023

	<u>Fundraising</u>	<u>Grants</u>	<u>Arts Management</u>	<u>Art Gallery and Studios</u>	<u>Publications and Education</u>	<u>Administrative</u>	<u>Total</u>
Accounting services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,810	\$ 10,810
Advertising	-	-	-	-	12,589	-	12,589
Bad debt	-	-	-	-	-	1,171	1,171
Bank charges	-	-	-	-	-	3,114	3,114
Building maintenance	-	-	-	11,532	-	-	11,532
Building supplies	-	-	-	1,712	-	-	1,712
Contract labor	-	-	-	760	-	14,431	15,191
Depreciation	-	-	-	-	-	36,000	36,000
Hospitality	-	-	-	226	-	-	226
Insurance - Arts Center	-	-	-	10,005	-	-	10,005
IT services	-	-	-	-	-	4,060	4,060
Janitorial	-	-	-	4,475	-	-	4,475
Licenses & fees	-	-	-	-	2,417	2,417	4,834
Miscellaneous	-	-	-	-	-	2,083	2,083
Office equipment	-	-	-	-	4,046	4,046	8,092
Payroll taxes	-	-	-	-	-	15,206	15,206
Postage	-	-	2,571	-	-	-	2,571
Programming	-	-	-	-	83,155	-	83,155
Retirement	269	403	179	45	672	2,914	4,482
Salaries	27,935	40,220	16,461	37,239	53,485	34,645	209,985
Small grants & scholarships	-	27,455	-	-	-	-	27,455
Space rental	-	-	-	-	-	218	218
Staff training and development	-	-	-	-	-	2,198	2,198
Supplies	-	-	-	-	1,884	1,884	3,768
Telephone	-	-	4,804	-	4,804	4,804	14,412
Travel/training/board dev.	-	-	186	-	-	-	186
Utilities	-	-	-	15,421	-	-	15,421
Total expenses	\$ <u>28,204</u>	\$ <u>68,078</u>	\$ <u>24,201</u>	\$ <u>81,415</u>	\$ <u>163,052</u>	\$ <u>140,001</u>	\$ <u>504,951</u>

The accompanying notes to the financial statements are an integral part of this exhibit

Arts Council of York County, Inc.
Notes to Financial Statements
June 30, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Arts Council of York County, Inc. (The Council) was founded in 1977 as a 501(c)(3) non-profit organization, dedicated to the cultivation and advancement of the arts in York County, SC. We serve local artists and other art organizations by funding small grant programs and providing studio, gallery and performing arts spaces. The Arts Council operates two facilities: The Center for the Arts and the Tom S. Gettys Center. It is the mission and vision of the Arts Council to create arts programming that encourages education, economic development, and arts advocacy through unique art experiences that engage the community to make York County a regional arts destination.

Basis of Accounting

The financial statements of the Arts Council of York County, Inc. have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Council is required to present information regarding its financial position and activities according to the following net asset classifications:

Net Assets without donor restrictions:

These are net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Council. These net assets may be used at the discretion of the Council's management and the board of directors.

Net Assets with donor restrictions:

These are net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Council or by the passage of time.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Cash and cash equivalents

For purposes of the statement of cash flows, the Council considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Arts Council of York County, Inc.
Notes to Financial Statements
June 30, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Conditional promises to give are not included as support until the conditions are met. No promises to give exceed one year in expected collection.

Property and equipment, net

Property and equipment are stated at cost at the date of purchase or, for donated assets, at fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the lesser of the estimated lives of the assets or the lease term. The Council's policy is to capitalize individual tangible assets, renewals and betterments acquired for greater than \$5,000 and expense normal maintenance and repairs as incurred. The Council periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

Vehicles	5 Years
Equipment	7 Years
Furniture and fixtures	10 Years
Buildings	40 Years

Revenue Recognition

Program service revenues are recorded when realizable and earned. The Council recognizes rental revenue monthly for provided occupancy to its tenants.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose of restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

Arts Council of York County, Inc.
Notes to Financial Statements
June 30, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributed Services

A substantial number of unpaid volunteers have made significant contributions of their time to develop the Arts Council of York County, Inc.'s programs, principally in membership development and educational programs. The value of this contributed time is not reflected in these statements since it is not susceptible to objective measurement or valuation. No amounts have been recognized in the statement of activities because the criteria for recognition have not been satisfied.

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs may need to be allocated among programs and supporting services benefited. Such allocations are determined by management on an equitable basis when necessary.

Income Taxes

The Arts Council of York County, Inc. is exempt from Federal income taxes under Sections 501(c)(3) of the Internal Revenue Code. In addition, the Arts Council of York County, Inc. has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the code.

The Arts Council of York County, Inc. adopted the income tax standard for uncertain tax positions. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements in accordance with the income tax standard. This standard prescribes recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized.

The Council's income tax returns are subject to review and examination by federal and state authorities for years 2020 and after. The Council is not aware of any activities that would jeopardize its tax-exempt status.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Arts Council of York County, Inc.
Notes to Financial Statements
June 30, 2023

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement of Operations

In its statement of activities, the Council includes in its definition of operations all revenues and expenses that are an integral part of its program and supporting activities. Nonoperating activities are limited to other activities considered to be of a more unusual or nonrecurring nature. There were not any nonoperating activities during the fiscal year.

Advertising

The Council uses advertising to promote its programs to the general public. The costs of advertising are expensed as incurred.

NOTE 2 – LIQUIDITY AND AVAILABILITY

The following represents the Council's financial assets as of June 30, 2023:

Financial Assets at year-end:	
Unrestricted cash and cash equivalents	\$ 299,391
Contributions receivable	<u>48,544</u>
Total Financial Assets	347,935
 Less amounts not available to be used within one year:	
Net assets with donor restrictions	<u>-</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 347,935</u>

The Council operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures. Refer to the statement of cash flows which identifies the sources and uses of the Council's cash for fiscal year 2023.

The Council maintains an appropriate line of credit in the form of corporate credit cards to ensure regular cash flow to cover expenditures.

NOTE 3 – CASH AND CASH EQUIVALENTS

Concentration of Credit Risk

The Council maintains cash balances with two commercial banks. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000. At June 30, 2023, the balance of the Council's bank accounts was fully insured.

Arts Council of York County, Inc.
Notes to Financial Statements
June 30, 2023

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

The Arts Council has determined the fair value of certain assets through application of the FASB Accounting Standards Codification Topic on Fair Value Measurements. Financial assets of the Council, valued using level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets of the Council, valued using level 3 inputs are invested in a pool and hold a pro-rata share of the pool. They do not directly hold the underlying assets of any manager. The pool is not considered a marketable asset.

Value at June 30, 2023:

	Level 1	Level 2	Level 3
Cash in Bank	\$ 299,391	\$ -	\$ -
Beneficial interest in assets	\$ -	\$ -	\$ 74,336

NOTE 5 – NET ASSETS

Net assets with donor restrictions consists of contributions received, unconditional promises to give, and grants. The Council did not have any net assets with donor restrictions at June 30, 2023.

The Council did not have any board designated net assets at June 30, 2023.

NOTE 6 - SUBSEQUENT EVENTS

Subsequent events were evaluated through October 11, 2023 which is the date the financial statements were available to be issued.