

Chenango County Council of the Arts, Inc

Financial Statements

June 30, 2025 & 2024

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Daniel J. Farrow, CPA
Stephen J. Locke, CPA

Independent Accountant's Review Report

Board of Directors
Chenango County Council of the Arts, Inc
Norwich, NY

We have reviewed the accompanying financial statements of Chenango County Council of the Arts, Inc (the Organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and net assets, statements of functional expenses, and statements of cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of the Organization's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountant's Responsibility

Our responsibility is to conduct the review engagements in accordance with *Statements on Standards for Accounting and Review Services* promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our reviews.

Accountant's Conclusion

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

A handwritten signature in cursive script that reads "Farrow & Locke".

Farrow & Locke CPA Associates PLLC

Norwich, NY

November 26, 2025

Chenango County Council of the Arts, Inc

Statements of Financial Position

As of June 30, 2025 and 2024

	2025	2024
Assets		
Current Assets		
Cash and cash equivalents		
Cash	\$ 16,823	\$ 14,144
Restricted cash and cash equivalents, current	8,050	7,050
Total Cash and cash equivalents	24,873	21,194
Promises to give	20,008	20,008
Accounts receivable, net	2,800	-
Total current assets	47,681	41,202
Property, plant, and equipment, net	179,257	194,356
Investments	422,356	401,482
Promises to give	194,640	197,305
Beneficial interest in trusts	544,414	518,489
Right-of-use assets, operating leases	215,702	220,877
Total assets	\$ 1,604,050	\$ 1,573,711
Liabilities and net assets		
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	\$ 451	\$ 2,926
Note payable, current	6,186	62,340
Operating lease liabilities, current	5,376	-
Total current liabilities	12,013	65,266
Debt, noncurrent	56,154	-
Operating lease liabilities, noncurrent	210,326	220,877
Total liabilities	278,493	286,143
Net assets		
Net assets with donor restrictions	767,112	742,852
Net assets without donor restrictions	558,445	544,716
Total net assets	1,325,557	1,287,568
Total liabilities and net assets	\$ 1,604,050	\$ 1,573,711

Chenango County Council of the Arts, Inc
Statements of Activities and Net Assets
For the year ended June 30, 2025 and 2024

	Without Donor Restriction 2025	With Donor Restriction 2025	2025	2024
Support and revenues				
Gifts and grants				
Contribution revenue	\$ 83,164	\$ 3,000	\$ 86,164	\$ 102,365
Government grants	50,000	-	50,000	10,000
Other grant revenue	1,100	-	1,100	6,000
Total gifts and grants	134,264	3,000	137,264	118,365
Special events				
Special events, gross	31,944	-	31,944	12,824
Cost of direct benefits	(7,277)	-	(7,277)	(16)
Special events, net	24,667	-	24,667	12,808
Other revenue:				
Admissions	19,895	-	19,895	9,816
Program and workshops	10,355	-	10,355	6,480
Membership fees revenue	2,495	-	2,495	5,735
Rental income	18,716	-	18,716	18,946
Investment return, net	66,871	-	66,871	75,625
Change in beneficial interest in trusts	-	25,925	25,925	-
Miscellaneous other income (expense)	2,773	-	2,773	-
Total other revenue	121,105	25,925	147,030	116,602
Total support and revenues	280,036	28,925	308,961	247,775
Expenses:				
Program services	161,114	-	161,114	133,067
Supporting services:				
Management and general	101,776	-	101,776	90,282
Fundraising	8,082	-	8,082	8,026
Total expenses	270,972	-	270,972	231,375
Nonoperating activities:				
Net assets released from restriction	4,665	(4,665)	-	-
Changes in net assets	13,729	24,260	37,989	16,400
Net assets at beginning of year	544,716	742,852	1,287,568	1,271,168
Net assets at end of year	\$ 558,445	\$ 767,112	\$ 1,325,557	\$ 1,287,568

Chenango County Council of the Arts, Inc
Statements of Functional Expenses
For the year ended June 30, 2025 and 2024

Description	Total Program Management and							
	Visual Arts 2025	Performances 2025	Arts in Education 2025	Services 2025	General 2025	Fundraising 2025	2025	2025
Grants and scholarships to individuals	\$ -	\$ -	\$ 2,000	\$ 2,000	\$ -	\$ -	\$ -	\$ 2,000
Artistic fees and outside services	-	46,344	100	46,444	-	-	-	46,444
Legal and other professional fees and services	-	-	-	-	17,362	-	-	17,362
Lease Expense	7,037	8,377	4,691	20,105	11,393	2,010	-	33,508
Advertising and promotion	-	-	-	-	8,205	-	-	8,205
Program supplies	2,502	9,468	-	11,970	-	-	-	11,970
Office Expense	797	949	531	2,277	1,289	228	-	3,794
Dues and subscriptions	-	-	-	-	1,036	-	-	1,036
Communications and information technology	-	-	-	-	7,505	-	-	7,505
Utilities	3,480	4,143	2,320	9,943	5,633	994	-	16,570
Insurance	-	-	-	-	5,835	-	-	5,835
Repairs and maintenance	1,760	4,382	-	6,142	147	-	-	6,289
Other operating expenses	-	-	-	-	3,908	-	-	3,908
Salaries and wages	15,254	18,159	10,169	43,582	24,696	4,358	-	72,636
Payroll taxes	1,351	1,608	901	3,860	2,187	386	-	6,433
Employee benefits	370	441	247	1,058	598	106	-	1,762
Interest expense	-	-	-	-	5,219	-	-	5,219
Depreciation	1,640	12,093	-	13,733	6,763	-	-	20,496
Total expenses	\$ 34,191	\$ 105,964	\$ 20,959	\$ 161,114	\$ 101,776	\$ 8,082	\$ -	\$ 270,972

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

Chenango County Council of the Arts, Inc
Statements of Functional Expenses
For the year ended June 30, 2025 and 2024

Description	Visual Arts		Performances		Arts In Education		Total Program		Management and General		Fundraising			
	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024	2024		
Grants and scholarships to individuals	-	\$	-	\$	7,025	\$	7,025	\$	-	\$	-	\$	7,025	
Artistic fees and outside services	-		26,049		2,652		28,701		-		-		28,701	
Legal and other professional fees and services	-		-		-		-		10,952		-		10,952	
Lease expense	7,273		8,658		4,849		20,780		11,775		2,078		34,633	
Advertising and promotion	-		-		-		-		5,250		-		5,250	
Program supplies	671		2,604		-		3,275		-		-		3,275	
Office Expense	1,083		1,289		722		3,094		1,753		309		5,156	
Dues and subscriptions	-		-		-		-		1,382		-		1,382	
Communications and information technology	-		-		-		-		6,988		-		6,988	
Utilities	2,797		3,329		1,864		7,990		4,528		799		13,317	
Insurance	-		-		-		-		5,164		-		5,164	
Repairs and maintenance	-		135		-		135		890		-		1,025	
Other operating expenses	-		-		-		-		2,970		-		2,970	
Salaries and wages	14,582		17,360		9,721		41,663		23,609		4,166		69,438	
Payroll taxes	1,361		1,621		907		3,889		2,204		389		6,482	
Employee benefits	995		1,185		663		2,843		1,611		285		4,739	
Interest expense	-		-		-		-		4,472		-		4,472	
Depreciation	1,632		12,040		-		13,672		6,734		-		20,406	
Total expenses	\$	30,394	\$	74,270	\$	28,403	\$	133,067	\$	90,282	\$	8,026	\$	231,375

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

Chenango County Council of the Arts, Inc
Statements of Cash Flows
For the year ended June 30, 2025 and 2024

	2025	2024
Cash flows from operating activities		
Change in net assets	\$ 37,989	\$ 16,400
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	20,496	20,406
Net realized and unrealized (gain) loss	(32,403)	(23,215)
Net (gain) loss on beneficial interests in perpetual trusts	(25,925)	(15,843)
(Increase) decrease in operating assets:		
Accounts receivable	(2,800)	-
Promises to give	2,665	2,460
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(2,475)	(2,727)
Net cash provided by (used in) operating activities	(2,453)	(2,519)
Cash flows from investing activities		
Purchase of property, plant, and equipment	(5,397)	(62,340)
Proceeds from sale of investments	72,948	79,358
Purchases of investments	(61,419)	(70,264)
Net cash provided by (used in) investing activities	6,132	(53,246)
Cash flows from financing activities		
Payment of notes payable	-	(20,000)
Proceeds from notes payable	-	62,340
Net cash provided by (used in) financing activities	-	42,340
Net increase (decrease) in cash, cash equivalents, and restricted cash	3,679	(13,425)
Cash, cash equivalents, and restricted cash at beginning of year	21,194	34,619
Cash, cash equivalents, and restricted cash at end of year	24,873	21,194
Reconciliation of cash, cash equivalents, and restricted cash		
Cash and cash equivalents	\$ 16,823	\$ 14,144
Current restricted cash and cash equivalents	8,050	7,050
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 24,873	\$ 21,194
Supplemental cash flow information		
Cash paid during the year for		
Interest	5,219	4,472
Noncash investing and financing activities		
Right-of-use assets acquired in exchange for new operating lease liabilities	-	225,859
Total supplemental cash flow information	\$ 5,219	\$ 230,331

Chenango County Council of the Arts, Inc
Notes to the Financial Statements
For the year ended June 30, 2025 and 2024

1. Summary of Significant Accounting Policies

a. Nature of Organization

Chenango County Council of the Arts, Inc (the "Organization") is a not-for-profit organization established to support and encourage participation in and appreciation for the arts and humanities in Chenango County. The Organization is governed by a Board of Directors and employs a professional staff to conduct its daily activities.

b. Basis of Accounting

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP).

c. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 period. Actual results could differ from those estimates.

d. Reclassifications

As a result of changes in accounting principles, certain amounts in the prior period financial statements have been reclassified to conform to the current period presentation. These reclassifications had no effect on increase (decreases) in net assets.

e. Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. At June 30, 2025 and 2024, cash equivalents consisted primarily of money market accounts and certificates of deposit.

Chenango County Council of the Arts, Inc
Notes to the Financial Statements
For the year ended June 30, 2025 and 2024

The Organization maintains cash balances at U.S. banks, which are insured by the Federal Deposit Insurance Corporation (FDIC) for up to \$250,000 for each institution. The Organization's cash balances may at times exceeded federally insured limits. The Organization has not experienced any losses and does not believe it is exposed to any significant credit risk on cash and cash equivalents. At June 30, 2025, the Organization's cash accounts did not exceed federally insured limits.

f. Restricted Cash

Amounts included in restricted cash represent time and purpose restrictions imposed by donors and grantors. The restriction will lapse when the restriction is satisfied. The restricted cash accounts are invested in checking and savings accounts, totaling \$8,050 and \$7,050 as of June 30, 2025 and 2024, respectively.

g. Promises to Give Receivable

Unconditional written promises to give (contributions) are recognized as an asset and contribution revenue in the period received. Promises to give are recorded at net realizable value and are discounted at an appropriate rate commensurate with the risks involved. Amortization of discounts is recorded as additional contribution revenue in accordance with donor-imposed restrictions, if any, on the contributions . An allowance for uncollectible promises to give is estimated by the Organization based on factors such as collectability and aging. Conditional promises to give are recognized when the conditions on which they depend, which consist of both a barrier and a right of return or release, are met.

h. Investments

Investments are reported at fair value. Adjustments to reflect increases or decreases in fair value, referred to as unrealized gains and losses, are reported in the statements of activities and net assets .

Chenango County Council of the Arts, Inc
Notes to the Financial Statements
For the year ended June 30, 2025 and 2024

Gains and losses on the sale of investments are determined using the specific identification method. Realized gains and losses arising from the sale of investments and ordinary income from investments are reported as changes in net assets without donor restrictions unless their use is restricted by explicit donor-imposed stipulations or law. Dividend and interest income are accrued as earned. Income and net gains (losses) on investment of endowment funds are reported in the statements of activities and net assets as follows:

- As increases (decreases) in net assets without donor restrictions for Board-designated endowment funds;
- As increases (decreases) in net assets with donor restrictions if the terms of the gift that gave rise to the investment require that they be added to the principal of a permanent endowment fund; or
- As increases (decreases) in net assets without donor restrictions in all other cases.

The investment portfolio is managed by professional investment advisors and managers in accordance with the Organization's investment policy.

i. Beneficial Interest in Perpetual Trusts

The Organization is the beneficiary of certain perpetual trusts held and administered by others. The Organization's percentage of the fair value of the underlying trust assets, which approximates the present value of estimated future cash flows to be received from the trusts, is recognized as assets and contribution revenue at the dates the trusts were established. Distributions from the trusts are recorded as investment income and the carrying value of the assets is adjusted for changes in the fair value of the underlying trust assets.

j. Property, Plant, and Equipment

Property, plant, and equipment is recorded at cost. Expenditures for additions, improvements, and other enhancements to property, plant, and equipment are capitalized, and minor replacements, maintenance, and repairs that do not extend asset life or add value are charged to expense as incurred. When property, plant, and equipment assets are retired or otherwise disposed of, the related cost and accumulated depreciation is removed from the accounts and any resulting gain or loss is included in results of operations.

Chenango County Council of the Arts, Inc
Notes to the Financial Statements
For the year ended June 30, 2025 and 2024

In general, depreciation is the systematic and rational allocation of an asset's cost, less its residual value (if any), to the periods it benefits. Property, plant, and equipment is depreciated using the straight-line method, which results in depreciation expense being incurred evenly over the life of an asset. The estimated useful lives for each major depreciable classification of property, plant, and equipment are as follows: buildings and improvements: 15 - 40 years, furniture and fixtures: 5 - 7 years, and machinery and equipment: 5 - 7 years. The Organization's estimate of depreciation expense incorporates management assumptions regarding the useful economic lives and residual values of the Organization's assets. The Organization periodically reviews and adjusts, as appropriate, the residual values and useful lives of its assets.

The Organization reports gifts of property, plant, and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

k. Leases

The Organization is a lessee in multiple noncancelable operating leases. Right-of-use ("ROU") assets and lease liabilities are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The ROU asset is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred.

The Organization has elected to use a risk-free rate for a term similar to the underlying lease as the discount rate if the implicit rate in the lease contract is not readily determinable.

The lease liability is initially and subsequently recognized based on the present value of future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. Changes to variable lease payments due to subsequent changes in an index or rate and variable lease payments not dependent on an index or a rate are recorded as variable lease expense in the period in which they are incurred.

Chenango County Council of the Arts, Inc
Notes to the Financial Statements
For the year ended June 30, 2025 and 2024

The ROU asset for operating leases is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e., present value of the remaining lease payments), plus unamortized initial direct costs, plus (less) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized.

For all underlying classes of assets, the Organization has elected to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Organization is reasonably certain to exercise. The Organization recognizes short-term lease cost on a straight-line basis over the lease term.

The Organization receives lease income for the leasing of the auditorium or other space to various organization on an as needed basis. No long-term agreements exist for the leasing of these spaces. Lease income for the years ended June 30, 2025 and 2024 was 18,716 and 18,946, respectively.

I. Net Assets

Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and Board of Directors (the Board). Net assets without donor restrictions include net assets designated by the board for specific purposes.

Chenango County Council of the Arts, Inc
Notes to the Financial Statements
For the year ended June 30, 2025 and 2024

Net Assets With Donor Restrictions: 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity. All net assets restricted by donors as to either timing or purpose of the related expenditures or required to be maintained in perpetuity as a source of investment income are accounted for in net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions.

m. Revenue Recognition

The Organization recognizes revenue when goods or services promised are transferred to customers in an amount that reflects the consideration to which the Organization expects to be entitled in exchange for those goods or services by following a five-step process: (1) identify the contract with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price, and (5) recognize revenue when or as the Organization satisfies a performance obligation, as further described below. Revenue subject to variability is constrained to an amount which will not result in a significant reversal in future periods when the contingency that creates variability is resolved.

Revenue Recognition Process

Identify the Contract with a Customer

The Organization generally considers a product or service provided to customers as a customer contract provided that collection is considered probable, which is assessed based on the creditworthiness of the customer as determined by credit checks, payment histories, and/or other circumstances. The Organization combines contracts with a customer if contracts are negotiated with a single commercial substance or contain price dependencies.

Chenango County Council of the Arts, Inc
Notes to the Financial Statements
For the year ended June 30, 2025 and 2024

Identify the Performance Obligations in the Contract

Product performance and service performance obligations include admissions, memberships, workshops and gallery sales.

Determine the Transaction Price

The transaction price for the Organization's contracts with its customers consists of varying prices provided it is probable that a significant reversal of revenue will not occur when the uncertainty related to variable consideration is resolved. The Organization generally invoices customers for products sold at time of delivery, and services either upfront or upon meeting certain milestones. Customer invoices are generally due at the point of sale. The Organization's contracts with customers typically do not include significant financing components as the period between the transfer of performance obligations and timing of payment are generally within one year.

Allocate the Transaction Price to the Performance Obligations in the Contract

For contracts that contain multiple performance obligations, the Organization allocates the transaction price to the performance obligations on a relative standalone selling price basis. Standalone selling prices are based on multiple factors including, but not limited to, historical discounting trends for products and services, pricing practices in different geographies and through different sales channels, gross margin objectives, internal costs, competitor pricing strategies, and industry technology lifecycles.

Recognize Revenue when or as the Organization Satisfies a Performance Obligation

Revenue for sales of products are recognized at a point in time, which is generally upon shipment or delivery.

The following significant revenue-generating transactions are within the scope of ASC 606, which are presented in the statements of activities and net assets :

Chenango County Council of the Arts, Inc
Notes to the Financial Statements
For the year ended June 30, 2025 and 2024

Membership Dues - The Organization recognizes revenue at the time dues are collected. Any portion of the membership fee for future benefits is classified as a contract liability (deferred revenue, membership) on the statements of financial position. Prices for membership vary based on the level of membership and the benefits associated with each level. Due to the timeframe over which membership dues are earned, all contract liabilities are earned in the subsequent year.

Admission Charges - The Organization recognizes revenue from admissions charges when a customer purchases tickets. The price for tickets varies based on event and the age of the customer.

Gallery Sales - The Organization recognizes revenue from gallery sales at the time of sale. The gallery includes items for purchase such as artwork and handmade items from regional artists, including pottery, photography, quilting, woodworking, oil paintings, fine knitting, jewelry, and historical books. The price varies based on the item purchased.

Fees and Other Income - Fees and other income mainly include revenues from programs hosted by the Organization. Programs are held throughout the year and can vary from a wide audience with corporate sponsorships to small training events with minimal charges for participation. Revenue from these programs is recognized at the time of the corresponding program is concluded at the estimated net realizable value. Any payments received in advance for future programs are classified as deferred revenue on the statements of financial position.

n. Contributions and Grants

Contributions - 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. Donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and net assets as net assets released from restrictions.

Chenango County Council of the Arts, Inc
Notes to the Financial Statements
For the year ended June 30, 2025 and 2024

Grants - Grants are deemed to be nonexchange (nonreciprocal) transactions and fall under the contribution accounting guidance. Under this guidance, revenue related to conditional grants and contracts is recorded when the conditions are met. Most grants are on a cost reimbursement basis and require the Organization to incur eligible expenses prior to the release of funds. The Organization reports these grants as changes in net assets without donor restrictions when restrictions are met in the same period. Unexpended amounts received but not yet earned are reported as deferred revenue.

The Organization applies the practical expedient as allowed for within the accounting standards and, therefore, does not disclose information about remaining performance obligations that have original expected durations of one year or less. All remaining performance obligations will be satisfied in connection with completion of the year ending June 30, 2025.

Contributed Nonfinancial Assets - Contributed nonfinancial assets are recorded at fair value at the date of donation. Contributions of services are reported as revenue only if the services create or enhance a nonfinancial asset or would typically need to be purchased by the Organization if they had not been provided by contribution, require specialized skills, and are provided by individuals with those skills. See Note for additional disclosure.

o. Donated Services and Materials

Donated services are recognized as contributions if the services:

1. create or enhance nonfinancial assets or
2. require specialized skills, are performed by people with those skills and would otherwise be purchased by the Organization.

Many volunteers donate time to the Organization throughout the year which is not recognized as contributions in the financial statements since the recognition criteria is not met.

Chenango County Council of the Arts, Inc
Notes to the Financial Statements
For the year ended June 30, 2025 and 2024

p. Functional Allocation of Expenses

The costs of providing the Organization's program and other activities have been summarized on a functional basis in the statements of activities and net assets. Expenses related directly to program services or supporting activities are charged directly while other expenses that are common to several functions are allocated based on management's estimates, among major classes of programs services and supporting activities. Expenses that are allocated include occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

q. Fundraising Events

Fundraising events revenue represents a reciprocal transaction equal to the cost of direct benefits to donors with the remainder representing contribution revenue. During the year ended June 30, 2025 and 2024, the Organization incurred fundraising expenses that directly benefited donors in the amount of \$7,277 and \$16 respectively. These direct expenses have been presented as a reduction of fundraising event revenue in the statements of activities and net assets.

r. Advertising Costs

Advertising costs are expensed as incurred. Advertising expense was \$8,205 and \$5,250 in 2025 and 2024, respectively.

s. Taxes Collected from Customers and Remitted to Governmental Authorities

The State of New York imposes a sales tax of 4% and the counties can impose their own rate on all of the Organization's sales to nonexempt customers. The Organization collects sales tax from customers and remits the entire amount to the State. The Organization's accounting policy is to exclude the tax collected and remitted to the State from revenues and expenses.

Chenango County Council of the Arts, Inc
Notes to the Financial Statements
For the year ended June 30, 2025 and 2024

t. Income Taxes

The Organization is a not-for-profit organization as described in Section 501(c)3 of the Internal Revenue Code and is exempt from federal and state income taxes on trade or business profits generated by activities related to the Organization's exempt function. The Organization may be subject to federal and state income taxes for profits generated from trade or business activities unrelated to the Organization's exempt function. The Organization has processes presently in place to ensure the maintenance of its tax-exempt status, identify and report unrelated business income, and determine its filing and tax obligations in jurisdictions for which it has nexus. As of June 30, 2025 and 2024, the Organization believes that it has not generated any unrelated business taxable income.

The Organization recognizes the tax benefit from an uncertain tax position only if it is “more likely than not” that the tax position would be sustained on examination by the taxing authorities, based upon the technical merits of the position. The amount recognized is the largest amount of tax benefit that has a greater than 50% likelihood of being realized upon examination. Interest and penalties related to unrecognized tax benefits are classified as income tax expense.

Generally, the Organization is no longer subject to U.S. federal, state, and local or non-U.S. income tax examinations by tax authorities for years before 2021.

u. Fair Value Measurements

The Organization measures certain financial instruments at fair value on a recurring basis at each reporting period. Certain assets are measured at fair value on a nonrecurring basis annually or when events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Fair value is estimated as the amount that would be received from the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value estimates involve uncertainty and significant judgment regarding interest rates, credit risk, prepayments, and other factors, especially when quoted prices are unavailable. Changes in assumptions or market conditions could significantly affect these estimates.

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Fair Value Hierarchy

Assets and liabilities recorded at fair value are measured and classified in accordance with a fair value hierarchy consisting of three “levels” based on the observability of valuation inputs:

- **Level 1:** Fair value measurements based on quoted prices (unadjusted) in active markets that the Organization has the ability to access for identical assets or liabilities. Market price data generally is obtained from exchange or dealer markets. The Organization does not adjust the quoted price for such instruments.

- **Level 2:** Fair value measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; and inputs other than quoted prices that are observable for the asset or liability, such as interest rates and yield curves that are observable at commonly quoted intervals.

- **Level 3:** Fair value measurements based on valuation techniques that use significant unobservable inputs. Both observable and unobservable inputs may be used to determine the fair values of positions classified in Level 3. The circumstances for using these measurements include those in which there is little, if any, market activity for the asset or liability. Therefore, the Organization must make certain assumptions about the inputs a hypothetical market participant would use to value that asset or liability.

The Organization maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value. Financial instruments with quoted prices in active markets generally have more pricing observability and require less judgment in measuring fair value. Conversely, financial instruments for which no quoted prices are available have less observability and are measured at fair value using valuation models or other pricing techniques that require more judgment. Pricing observability is affected by a number of factors, including the type of financial instrument, whether the financial instrument is new to the market and not yet established, the characteristics specific to the transaction, liquidity and general market conditions.

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In certain cases, the inputs used to measure the fair value of an asset or liability may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. Liquidity and Availability of Resources

The Organization’s financial assets available for general use at June 30, consist of the following:

	2025	2024
Financial assets available:		
Cash and cash equivalents	\$ 24,873	\$ 21,194
Investments	422,356	401,482
Promises to give	214,648	217,313
Total financial assets available	661,877	639,989
Less		
Donor-restricted cash	(8,050)	(7,050)
Donor-restricted promises to give	(214,648)	(217,313)
Endowment funds, board-designated for specific purposes	(431,664)	(410,885)
Financial assets available to meet cash needs for general expenditures within one year	\$ 7,515	\$ 4,741

The Organization’s working capital and cash flows fluctuate during the year due to the timing of cash receipts and major contributions. As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization invests cash in excess of daily requirements in readily available marketable securities. In the event of an unanticipated liquidity need, the Organization could draw upon \$80,000 from an available line of credit.

The Organization has a board-designated endowment. Annually, the Organization can appropriate up to 5% of the endowment, based on the endowments fair market value, at the end of the fiscal year. Appropriations of \$21,583 from the endowment will be available within the next 12 months.

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Notes to the Financial Statements
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The Organization's board-designated endowment had a fair market value of \$431,664 and \$Amount at June 30, 2025 and 2024 (Note 14). While the Organization has no current intention to draw upon these funds, other than the planned annual appropriation as discussed above, amounts from the board-designated endowment could be made available, if necessary, after Board action. However, the board-designated endowment contains investments subject to lock-up provisions that would reduce the total investments that could be made available.

3. Cash and Cash Equivalents

The following is a reconciliation of cash, cash equivalents, and restricted cash shown in the statements of cash flows at June 30:

	2025	2024
Cash and cash equivalents		
Cash	\$ 16,823	\$ 14,144
Current restricted cash and cash equivalents	8,050	7,050
Total cash, cash equivalents, and restricted cash shown in the statement of cash flows	\$ 24,873	\$ 21,194

4. Property, Plant, and Equipment

The historical costs of the Organization's property, plant, and equipment and related accumulated depreciation balances at June 30 were as follows:

	2025	2024
Property, plant, and equipment, gross		
Machinery and equipment	\$ 123,123	\$ 123,123
Leasehold improvements	507,831	507,831
Furniture and fixtures	79,578	74,181
Property, plant, and equipment, gross	710,532	705,135
Less Accumulated depreciation and amortization		
Accumulated depreciation and amortization, leasehold improvements	(531,275)	(510,779)
Property, plant, and equipment, net	\$ 179,257	\$ 194,356

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Notes to the Financial Statements
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Depreciation expense related to property, plant, and equipment was \$20,496 and \$Value for the year ended June 30, 2025 and 2024, respectively.

Property purchased with federal funds may, in accordance with grantor agreements, be required to be returned to the federal government. However, because day-to-day control lies with the grantee, such assets have been included in the statements of financial position.

5. Receivables

Accounts receivable consist primarily of amounts due from short-term rentals of the Organization’s auditorium for events, performances, and community programs. Rental income is recognized when earned, and receivables are recorded when amounts are invoiced and deemed collectible. Accounts receivable consists of the following:

	June 30, 2025	June 30, 2024
Accounts receivable:	\$ 2,800	\$ -

6. Promises to Give

The Organization leases an auditorium at an annual rental of \$1, which is below the fair rental value of the auditorium. Therefore, the landlord made a contribution to the Organization when the lease was signed. The fair rental value has been estimated to be approximately \$3 per square foot as determined by an appraisal conducted prior to the commencement of the lease. The unconditional promise to give as of June 30, 2025 represents the present value of the fair market value of this leased facility. See notes 7 & 8 for additional information.

Promises to Give consist of the following at June 30:

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	2025	2024
Promises to Give, net		
Receivable within one year	\$ 20,008	\$ 20,008
Receivable in one to five years	100,040	100,040
Receivable in more than five years	393,483	413,491
Promises to Give, gross	513,531	533,539
Less discount to net present value	(298,883)	(316,226)
Promises to Give receivable, net	\$ 214,648	\$ 217,313

The discount rate used to measure the net present value was 8% at June 30, 2025 and 2024, respectively.

7. Leases

The Organization leases its office and gallery space for a monthly payment of \$1,125. The lease expires February 28, 2050.

The Organization also leases an auditorium under a lease expiring February 28, 2050 for one dollar per year. See notes 6 & 8 for additional information related to this lease.

Components of lease expense were as follows for the year ended June 30:

	2025	2024
Operating lease cost:		
Cash lease payments	\$ 13,500	\$ 14,625
Non-cash contribution	20,008	20,008
Total Operating lease cost	\$ 33,508	\$ 34,633

Information regarding lease terms and discount rates as of June 30 is as follows:

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	2025
Weighted-average remaining lease term (years):	
Operating leases	24.8
Weighted-average discount rate (%):	
Operating leases	3.8

	2025	2024
Operating leases:		
Operating lease ROU assets	\$ 215,702	\$ 220,877
Other current liabilities	5,376	-
Operating lease liabilities	210,326	220,877
Total operating lease liabilities	\$ 215,702	\$ 220,877

Maturities of lease liabilities are as follows as of June 30, 2025:

2025	Auditorium	Office Space	Operating Leases
2026	\$ 1	\$ 13,500	\$ 13,501
2027	1	13,500	13,501
2028	1	13,500	13,501
2029	1	13,500	13,501
2030	1	13,500	13,501
Thereafter	20	265,500	265,520
Total lease payments	25	333,000	333,025
Less unamortized discount	(10)	(117,313)	(117,323)
Total lease liabilities	\$ 15	\$ 215,687	\$ 215,702

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For the year ended June 30, 2025 and 2024

8. Contributed Nonfinancial Assets

During the year ended June 30, 2025, the Organization received the use of an auditorium under a lease agreement for \$1 per year. The estimated fair market value of the donated use of space is \$20,008 annually, based on an appraisal conducted prior to lease commencement.

Of this amount, \$17,343 was recognized as contribution revenue, and \$2,665 was applied to reduce the previously recorded promise to give receivable. The contributed space is used for mission-related programming, including performances, workshops, and community events. No donor-imposed restrictions apply to the use of the space. See notes 6 & 7 for additional information.

9. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses consisted of the following at June 30:

	2025	2024
Accounts payable and accrued expenses:		
Trade accounts payable	\$ 137	\$ -
Accrued payroll and related benefits	314	2,926
Total accounts payable and accrued expenses	\$ 451	\$ 2,926

10. Retirement Plan

The Organization sponsors a Simple IRA plan for its employees receiving at least \$5,000 in compensation. Employees may contribute to the plan. The Organization matches employee contributions, up to 3% of annual compensation for eligible participants. There was no participation in the plan for the and \$Value for the year ended June 30, 2025 and 2024, respectively.

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11. Debt

Current Debt

On December 21, 2023, the Organization entered into a bridge loan agreement with a bank to provide temporary financing for the acquisition of sound equipment for use in the Organization’s Theater. The loan was initiated in anticipation of reimbursement from New York State under the Downtown Revitalization Initiative (DRI).

As of June 30, 2025, the DRI grant funds had not yet been received, and the bridge loan remained outstanding. On November 10, 2025, subsequent to year-end but prior to the issuance of the financial statements, the loan was renewed and converted into a five-year promissory note with a fixed interest rate of 7.5%. The Organization intends to repay the loan in full upon receipt of the DRI grant proceeds.

Current debt consists of the following at June 30:

	2025	2024
Debt, current		
Note payable, current	\$ 6,186	\$ 62,340

Long-Term Debt

Long-term debt consists of the following at June 30:

	2025	2024
Note payable to NBT bank issued November 10, 2025	\$ 62,340	\$ -
Less current maturities		
Debt, current		
Note payable, current	(6,186)	(62,340)
Less current maturities	(6,186)	(62,340)
Net long-term debt	\$ 56,154	\$ (62,340)

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The aggregate amounts of principal maturities and sinking fund requirements of long-term debt outstanding at June 30, 2025 are as follows:

Year	Future Payments
2026	\$ 6,186
2027	11,122
2028	11,990
2029	12,943
2030	13,962
Thereafter	6,137
Total long-term debt	\$ 62,340

Unused Financing Commitments

At June 30, 2025, the Organization had \$80,000 of unused lines of credit with banks to be drawn upon as needed, with interest at 1% above the prime rate.

12. Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes as of June 30:

	2025	2024
Subject to expenditures for specified purpose:		
Scholarships	\$ 6,998	\$ 5,998
Grants to teachers	1,050	1,050
Promise to give - auditorium lease	214,648	217,313
Total net assets subject to expenditures for specified purpose	222,696	224,361
Subject to restriction in perpetuity:		
Perpetual trust held by others	544,414	518,489
Total net assets with donor restrictions	\$ 767,110	\$ 742,850

The sources of net assets released from restrictions are as follows for the year ended June 30:

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	2025	2024
Scholarships	\$ 2,000	\$ 2,000
Grants for Teachers	-	5,000
Promise to give - auditorium lease	2,665	2,460
Total net assets released from restrictions	\$ 4,665	\$ 9,460

All acquisition of land, buildings, and equipment were deemed placed in service at time of release from restrictions.

13. Net Assets Without Donor Restrictions

Net assets without donor restrictions comprises the following as of June 30:

	2025	2024
Undesignated	\$ 126,781	\$ 133,831
Board designated endowment	431,664	410,885
Total net assets without donor restrictions	\$ 558,445	\$ 544,716

14. Endowment

The Organization's endowment consists of unrestricted funds established for a variety of purposes. Its endowment includes funds designated by the governing board to function as endowments. Net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported board-designated net assets.

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For the year ended June 30, 2025 and 2024

Interpretation of Relevant Law

The Organization's Board of Directors has interpreted the enacted version of Uniform Prudent Management of Institutional Funds Act (UPMIFA) as allowing the Organization to appropriate for expenditure or accumulate so much of an endowment fund as the Organization determines is prudent for the uses, benefits, purposes, and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in an endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Directors.

Endowment net assets consist of the following at June 30:

	2025	2024
Endowment net assets		
Investments	\$ 422,356	\$ 401,482
Cash and cash equivalents	9,308	9,403
Total endowment net assets	\$ 431,664	\$ 410,885

Changes in endowment net assets for the year ended June 30 are as follows:

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Notes to the Financial Statements
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	Without Donor Restrictions	Total
Endowment net assets, July 1, 2023	\$ 396,427	\$ 396,427
Investment return:		
Interest and dividends	11,703	11,703
Net appreciation (depreciation), realized and unrealized	25,316	25,316
Total investment return	37,019	37,019
Investment fees	(2,740)	(2,740)
Accumulated investment return distributed	(19,821)	(19,821)
Change in endowment net assets	14,458	14,458
Endowment net assets, June 30, 2024	410,885	410,885
Endowment net assets, July 1, 2024	410,885	410,885
Investment return:		
Interest and dividends	11,815	11,815
Net appreciation (depreciation), realized and unrealized	32,403	32,403
Total investment return	44,218	44,218
Investment fees	(2,895)	(2,895)
Accumulated investment return distributed	(20,544)	(20,544)
Change in endowment net assets	20,779	20,779
Endowment net assets, June 30, 2025	\$ 431,664	\$ 431,664

Strategies Employed for Achieving Objectives

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to yield the highest rate of return with a moderate level of investment risk. The approved investment allocations are cash and equivalents of 0% - 20%, fixed income investments 20% - 60% and equity investments 40% - 60%. The allocation is reviewed, and discussions take place between the investment committee and investment advisor. The investment committee meets at least twice a year to maximize the rate of return and reduce the investment risk.

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Spending Policy and How the Investment Objectives Relate to Spending Policy

Total returns generated by the endowment fund may be used for ongoing operations of the Organization, but may not exceed 5% of market value of the fund at June 30 prior to the current yearend. The Board of Directors in authorizing expenditures of endowment funds must consider several factors including: duration and preservation of the fund, purpose of nonprofit and fund, general economic conditions, the possible effect of inflation and deflation, expected return and appreciation of assets, other resources, and investment policy of the fund. The principal shall not be invaded in the absence of critical or unusual circumstances and requires the approval of the Board of Directors at the recommendation of the Finance Committee. Earnings not used to supplement the operating budget shall become part of the fund's principal.

15. Revenue from Contracts with Customers

Revenue is recognized when promised goods or services are transferred to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services.

Disaggregation of Revenue

The Organization disaggregates revenue from reciprocal contracts by types of service and payor source as this depicts the nature, amount, timing and uncertainty of its revenue and cash flows as affected by economic factors. The Organization primarily offers goods and services to the public throughout Chenango County. As a result, the Organization's contracts and resulting revenue are directly impacted by the regions demand for these goods.

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Performance Obligations

The Organization's performance obligations are explicitly stated in customer contracts and are satisfied either at a point in time or over time, depending on the nature of the service:

- **Admissions:** The Organization satisfies its performance obligation when the event or performance occurs.
- **Program and Workshop Fees:** Performance obligations are satisfied over time as the program or instruction is delivered.
- **Memberships:** For memberships that include tangible benefits (e.g., discounted tickets, early access), revenue is recognized over the membership period on a straight-line basis.
- **Gallery Sales:** Performance obligations are satisfied at the point of sale when control of the artwork transfers to the customer.

Significant Judgments

The Organization makes the following significant judgments in applying ASC 606:

- **Determining the timing of satisfaction of performance obligations**, particularly for multi-session workshops and memberships with bundled benefits.
- **Assessing whether the Organization is acting as principal or agent** in gallery sales. The Organization has concluded it acts as a principal and recognizes revenue on a gross basis.
- **Estimating variable consideration**, such as discounts or refunds, and applying constraints to ensure revenue is not overstated.
- **Allocating transaction price** to multiple performance obligations in bundled arrangements, based on observable standalone selling prices.

16. Related Party Transactions

To support the Organization, the board members will make various contributions to the Organization. Transactions to related parties during the year were immaterial. Various board members are also employees of businesses where the Organization has investment and loan accounts.

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17. Fair Value Measurements

Assets and Liabilities Measured at Fair Value on a Recurring Basis

The following is a description of the valuation methodologies and inputs used for assets and liabilities recognized in the accompanying statements of financial position measured at fair value on a recurring basis.

Mutual Funds

Mutual funds include fixed income and equity funds. The Organization holds open-ended mutual funds that are registered with the SEC. These funds are required to publish daily net asset values (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded. Market price is reported at the closing NAV at the statements of financial position date.

Beneficial Interest in Funds Held in Trust by Others

The Organization estimates the fair value of beneficial interest in funds held in trust by using the fair market value of the trust assets. The Organization considers the measurement of its beneficial interest in the perpetual trusts to be a Level 3 measurement within the fair value measurement hierarchy because even though that measurement is based on the unadjusted fair value of trust assets reported by the trustee, the Organization will never receive those assets or have the ability to direct the trustee to redeem them.

The following table presents information about assets and liabilities measured at fair value on a recurring basis and indicates the level of the fair value measurement based on the observability of the inputs used:

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	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
June 30, 2025				
Assets				
Mutual funds:				
Fixed income				
Inflation-protected bond funds	\$ 59,526	\$ -	\$ -	\$ 59,526
US taxable bond funds	106,138	-	-	106,138
Global bond funds	4,202	-	-	4,202
High yield taxable bond funds	12,769	-	-	12,769
Total	182,635	-	-	182,635
Equities				
US large cap funds	109,457	-	-	109,457
US mid cap funds	13,032	-	-	13,032
US small cap funds	13,043	-	-	13,043
International funds	56,980	-	-	56,980
Emerging market funds	21,793	-	-	21,793
Real asset funds	25,416	-	-	25,416
Total	239,721	-	-	239,721
Total mutual funds	422,356	-	-	422,356
Beneficial interests in perpetual trusts	-	-	544,414	544,414
Total assets	\$ 422,356	\$ -	\$ 544,414	\$ 966,770

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	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total Fair Value
June 30, 2024				
Assets				
Mutual funds:				
Fixed income				
Inflation-protected bond funds	\$ 36,994	\$ -	\$ -	\$ 36,994
US taxable bond funds	118,310	-	-	118,310
Global bond funds	4,060	-	-	4,060
High yield taxable bond funds	20,618	-	-	20,618
Total	179,982	-	-	179,982
Equities				
US large cap funds	94,413	-	-	94,413
US mid cap funds	10,320	-	-	10,320
US small cap funds	10,455	-	-	10,455
International funds	52,951	-	-	52,951
Emerging market funds	20,478	-	-	20,478
Real asset funds	32,883	-	-	32,883
Total	221,500	-	-	221,500
Total mutual funds	401,482	-	-	401,482
Beneficial interests in perpetual trusts	-	-	518,489	518,489
Total assets	\$ 401,482	\$ -	\$ 518,489	\$ 919,971

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Notes to the Financial Statements
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18. Correction of Immaterial Prior Period Error

During the fiscal year ended June 30, 2025, management identified a group of outstanding checks issued in prior periods that remained uncleared and were deemed unlikely to be cashed. These items, totaling (\$2,773), were primarily the result of duplications and administrative oversight. In accordance with ASC 250, *Accounting Changes and Error Corrections*, the cumulative amount was evaluated and determined to be immaterial to the financial statements. As such, the adjustment was recorded in the current year as an increase to cash and miscellaneous income. Management has reviewed and updated internal reconciliation procedures to prevent recurrence.

19. Subsequent Event

The Organization has evaluated events and transactions that occurred between June 30, 2025 and **November 26, 2025**, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. Events occurring after that date have not been evaluated to determine whether a change in the financial statements would be required. On November 10, 2025, the Organization refinanced its outstanding bridge loan by entering into a five-year promissory note with NBT Bank. Because the refinancing was finalized prior to the issuance of these financial statements, the loan has been presented as long-term debt as of June 30, 2025, in Note 11.