

THE ARTS COUNCIL OF PRINCETON
Financial Statements
and
Independent Auditors' Report
Years Ended June 30, 2025 and 2024

THE ARTS COUNCIL OF PRINCETON
Years Ended June 30, 2025 and 2024

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To The Board of Trustees of
The Arts Council of Princeton
Princeton, New Jersey

INDEPENDENT AUDITORS' REPORT

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Arts Council of Princeton (a nonprofit organization), which comprise the statements of financial position as of June 30, 2025 and 2024, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Arts Council of Princeton as of June 30, 2025 and 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Arts Council of Princeton and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 The Arts Council of Princeton's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' 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 auditors' 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 and *Government 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 and *Government 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 The Arts Council of Princeton'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 The Arts Council of Princeton'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.

Platform CPAs, LLP

Mercerville, NJ
March 2, 2026

THE ARTS COUNCIL OF PRINCETON
 Statements of Financial Position
June 30, 2025 and 2024

| | 2025 | 2024 |
|---|--------------|--------------|
| <u>Assets</u> | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 310,769 | \$ 407,399 |
| Grants receivable | 75,702 | 29,204 |
| Contributions receivable, current portion | 34,275 | 64,130 |
| Prepaid expenses | 500 | 864 |
| Total current assets | 421,246 | 501,597 |
| Property and equipment – net | 4,075,393 | 4,231,364 |
| Contributions receivable, net of current portion | 90,782 | 143,400 |
| Investments | 2,328,624 | 1,970,489 |
| Total assets | \$ 6,916,045 | \$ 6,846,850 |
| <u>Liabilities and Net Assets</u> | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | \$ 60,896 | \$ 77,892 |
| Deferred revenue | 296,424 | 255,130 |
| Note payable, current portion | 25,924 | 23,401 |
| Total current liabilities | 383,244 | 356,423 |
| Long term liabilities: | | |
| Note payable , less current portion | 360,430 | 383,919 |
| Total liabilities | 743,674 | 740,342 |
| Net assets: | | |
| Net assets without donor restrictions | 4,400,169 | 4,461,086 |
| Net assets with donor restrictions | 1,772,202 | 1,645,422 |
| Total net assets | 6,172,371 | 6,106,508 |
| Total liabilities and net assets | \$ 6,916,045 | \$ 6,846,850 |

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

THE ARTS COUNCIL OF PRINCETON
Statements of Activities and Changes in Net Assets
Years Ended June 30, 2025 and 2024

| | 2025 | | | 2024 | | |
|--|----------------------------------|----------------------------|---------------------|----------------------------------|----------------------------|---------------------|
| | Without Donor Restrictions | With Donor Restrictions | _Total | Without Donor Restrictions | With Donor Restrictions | _Total |
| Support and revenues: | | | | | | |
| Program fees | \$ 974,214 | \$ - | \$ 974,214 | \$ 1,015,343 | \$ - | \$ 1,015,343 |
| Contributions and grants | 383,186 | 60,000 | 443,186 | 330,423 | 279,742 | 610,165 |
| Fundraising events | 176,427 | - | 176,427 | 174,864 | - | 174,864 |
| Investment income | 99,540 | 151,512 | 251,052 | 89,665 | 64,847 | 154,512 |
| Government grants | 190,310 | - | 190,310 | 114,896 | - | 114,896 |
| Memberships | 49,030 | - | 49,030 | 48,130 | - | 48,130 |
| Subtotal | 1,872,707 | 211,512 | 2,084,219 | 1,773,321 | 344,589 | 2,117,910 |
| Net assets released due to satisfaction of time or purpose restrictions | 84,732 | (84,732) | - | - | - | - |
| Total support and revenue | 1,957,439 | 126,780 | 2,084,219 | 1,773,321 | 344,589 | 2,117,910 |
| Expenses: | | | | | | |
| Program services | 1,469,798 | - | 1,469,798 | 1,392,073 | - | 1,392,073 |
| Management and general | 261,967 | - | 261,967 | 239,062 | - | 239,062 |
| Fundraising | 286,591 | - | 286,591 | 251,955 | - | 251,955 |
| _Total expenses | 2,018,356 | - | 2,018,356 | 1,883,090 | - | 1,883,090 |
| Change in net assets | (60,917) | 126,780 | 65,863 | (109,769) | 344,589 | 234,820 |
| Net assets, beginning of year | 4,461,086 | 1,645,422 | 6,106,508 | 4,570,855 | 1,300,833 | 5,871,688 |
| Net assets, end of year | <u>\$ 4,400,169</u> | <u>\$ 1,772,202</u> | <u>\$ 6,172,371</u> | <u>\$ 4,461,086</u> | <u>\$ 1,645,422</u> | <u>\$ 6,106,508</u> |

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

THE ARTS COUNCIL OF PRINCETON
Statement of Functional Expenses
Year Ended June 30, 2025

| | Education | Community Programs | Presenting Arts | General Programs | Total Program Services | Management and General | Fundraising | Total Expenses |
|-----------------------------------|-------------------|--------------------|-------------------|-------------------|------------------------|------------------------|-------------------|---------------------|
| Personnel | \$ 254,783 | \$ 156,818 | \$ 93,940 | \$ 100,351 | \$ 605,892 | \$ 190,775 | \$ 182,837 | \$ 979,504 |
| Artists | 214,629 | 55,512 | 17,218 | 28,486 | 315,845 | - | 38,884 | 354,729 |
| Depreciation expense | 86,264 | 41,651 | 21,254 | 23,547 | 172,716 | 13,000 | - | 185,716 |
| Maintenance and utilities | 87,713 | 40,812 | 29,083 | 23,044 | 180,652 | 12,987 | - | 193,639 |
| Insurance | 32,205 | 7,544 | 4,224 | 4,597 | 48,570 | 12,985 | - | 61,555 |
| Supplies | 22,451 | 8,572 | 5,086 | 10,733 | 46,842 | 573 | 3,965 | 51,380 |
| Service fees | 17,003 | 10,433 | 1,222 | 1,035 | 29,693 | 2,720 | 9,292 | 41,705 |
| Food and refreshments | - | 5,258 | 1,740 | 206 | 7,204 | 3,266 | 29,659 | 40,129 |
| Computer and IT support | 10,079 | 2,323 | 1,175 | 2,262 | 15,839 | 3,943 | 1,668 | 21,450 |
| Consultants and professional fees | 80 | 6,249 | 1,740 | - | 8,069 | 16,900 | 3,400 | 28,369 |
| Postage and printing | 48 | 10,022 | 985 | 2,965 | 14,020 | 1,002 | 3,998 | 19,020 |
| Lease and rental charges | 532 | 495 | 636 | 495 | 2,158 | 1,980 | 8,940 | 13,078 |
| Interest | 7,142 | 3,449 | 1,760 | 1,950 | 14,301 | 1,076 | - | 15,377 |
| Media and publicity | 693 | 4,880 | 690 | 579 | 6,842 | - | 3,535 | 10,377 |
| Dues, permits and penalties | 476 | 429 | 117 | 133 | 1,155 | 760 | 413 | 2,328 |
| Total expenses | \$ 734,098 | \$ 354,447 | \$ 180,870 | \$ 200,383 | \$ 1,469,798 | \$ 261,967 | \$ 286,591 | \$ 2,018,356 |

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

THE ARTS COUNCIL OF PRINCETON
Statement of Functional Expenses
Year Ended June 30, 2024

| | Education | Community Programs | Presenting Arts | General Programs | Total Program Services | Management and General | Fundraising | Total Expenses |
|-----------------------------------|-------------------|--------------------|-------------------|-------------------|------------------------|------------------------|-------------------|---------------------|
| Personnel | \$ 257,762 | \$ 133,036 | \$ 88,969 | \$ 87,562 | \$ 567,329 | \$ 169,945 | \$ 173,225 | \$ 910,499 |
| Artists | 226,591 | 91,280 | 13,401 | 31,002 | 362,274 | - | 34,368 | 396,642 |
| Depreciation expense | 92,164 | 42,915 | 19,895 | 21,285 | 176,259 | 13,267 | - | 189,526 |
| Maintenance and utilities | 71,750 | 30,019 | 22,318 | 14,889 | 138,976 | 9,639 | - | 148,615 |
| Supplies | 21,598 | 6,650 | 3,265 | 3,470 | 34,983 | 13,863 | - | 48,846 |
| Insurance | 26,059 | 7,381 | 1,945 | 4,204 | 39,589 | 2,676 | 6,120 | 48,385 |
| Service fees | 14,474 | 9,921 | 893 | 1,968 | 27,256 | 3,606 | 2,453 | 33,315 |
| Postage and printing | 173 | 4,114 | 889 | 190 | 5,366 | 3,139 | 16,209 | 24,714 |
| Food and refreshments | 7,633 | 2,591 | 999 | 657 | 11,880 | 2,328 | 1,733 | 15,941 |
| Interest | - | - | - | - | - | 15,650 | - | 15,650 |
| Computer and IT support | 155 | 4,765 | 2,411 | 904 | 8,235 | 940 | 4,953 | 14,128 |
| Travel | 495 | 495 | 495 | 495 | 1,980 | 2,425 | 8,056 | 12,461 |
| Consultants and professional fees | 5,878 | 2,737 | 1,269 | 1,358 | 11,242 | 846 | - | 12,088 |
| Lease and rental charges | 2,602 | 2,524 | 259 | - | 5,385 | 310 | 1,264 | 6,959 |
| Media and publicity | - | - | - | - | - | - | 2,810 | 2,810 |
| Dues, permits and penalties | 570 | 508 | 122 | 119 | 1,319 | 428 | 764 | 2,511 |
| Total expenses | \$ 727,904 | \$ 338,936 | \$ 157,130 | \$ 168,103 | \$ 1,392,073 | \$ 239,062 | \$ 251,955 | \$ 1,883,090 |

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

THE ARTS COUNCIL OF PRINCETON

Statements of Cash Flows

Years Ended June 30, 2025 and 2024

| | 2025 | 2024 |
|---|-------------------|-------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 65,863 | \$ 234,820 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 185,716 | 189,526 |
| Unrealized and realized holding (gains) losses | (195,232) | (116,345) |
| Changes in assets and liabilities: | | |
| Grants receivable | (46,498) | (2,274) |
| Accounts and contributions receivable | 82,473 | (175,050) |
| Prepaid expenses | 364 | (864) |
| Accounts payable and accrued expenses | (16,996) | 29,907 |
| Deferred revenue | 41,294 | 28,940 |
| | <u>116,984</u> | <u>188,703</u> |
| Investing activities: | | |
| Purchases of investments | (1,246,869) | (864,338) |
| Sale of investments | 1,083,966 | 621,367 |
| Purchase of fixed assets | (29,745) | (17,379) |
| | <u>(192,648)</u> | <u>(260,350)</u> |
| Financing activities: | | |
| Principal payments on note payable | (20,966) | (20,670) |
| | <u>(20,966)</u> | <u>(20,670)</u> |
| Net (decrease) in cash and cash equivalents | (96,630) | (92,317) |
| Cash and cash equivalents, beginning of year | 407,399 | 499,716 |
| Cash and cash equivalents, end of year | <u>\$ 310,769</u> | <u>\$ 407,399</u> |
| Supplemental disclosure of cash flow information: | | |
| Interest paid | \$ 15,377 | \$ 12,088 |
| Non cash contributions - securities | <u>\$ 10,032</u> | <u>\$ 10,000</u> |

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

THE ARTS COUNCIL OF PRINCETON

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

1. Nature of Organization

The Arts Council of Princeton (the Organization) is a nonprofit organization incorporated under the laws of the State of New Jersey. The Organization has a mission of building community through the arts. The Arts Council, housed in the landmark Paul Robeson Center for the Arts, fulfills its mission by presenting a wide range of arts education, exhibition, performing arts and community programs designed to be high-quality, engaging, affordable and accessible for the diverse population of the greater Princeton region.

2. Summary of Significant Accounting Policies

Basis of Accounting:

The Organization utilizes the accrual basis of accounting. Accordingly, revenues are recognized when they are earned and expenses are recognized when they are incurred. Monies received for future programs or events are deferred until the applicable period.

Basis of Presentation:

The Organization classifies resources for accounting and reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories and the types of transactions affecting each category are as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed restrictions.

With Donor Restrictions – Net assets that are subject to donor-imposed restrictions that will be met either by the passage of time or by the fulfillment by the actions of the Organization.

Revenue and Support Recognition:

Contributions are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets are reported as reclassifications between the applicable classes of net assets. The Organization adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

The Organization recognizes revenue from program fees, which includes student tuition and other related revenues, during the year in which the related services are provided to students. The performance obligation of delivering educational services is simultaneously received and consumed by the students; therefore, the revenue is recognized ratably over the course of the academic year. Payment for tuition is required before the start of the class. All amounts received prior to the commencement of the class, including enrollment deposits, are deferred to the applicable period. Scholarships provided to students are recorded as a reduction from the posted tuition rates at the time revenue is recognized.

THE ARTS COUNCIL OF PRINCETON

Notes to Financial Statements
Years Ended June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition (continued):

A portion of the Organization's revenue is derived from tuition and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

Contributions, which include unconditional promises to give, are recognized in the period in which they are received or promised. Contributions are considered to be contributions without donor restrictions unless specifically restricted by the donor.

Revenue is recognized when earned. Monies received in advance of programs are recorded as deferred revenue on the statement of financial position.

Contributions receivable represent amounts committed by donors that have not been received by the Organization. Contributions receivable with donor-imposed restrictions that limit their use to long-term purposes are classified as a noncurrent asset.

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, they are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

The Organization's revenue disaggregated according to the timing of when revenue is recognized is as follows:

| | <u>2025</u> | <u>2024</u> |
|---|-------------------|---------------------|
| Revenue recognized at a point in time (ASC 606) | | |
| Program fees | <u>\$ 974,214</u> | <u>\$ 1,015,343</u> |
| Total revenue recognized at a point in time | <u>974,214</u> | <u>1,015,343</u> |
| Revenue recognized over time (ASC 606) | | |
| Membership fees | <u>49,030</u> | <u>48,130</u> |
| Total revenue recognized over time | <u>49,030</u> | <u>48,130</u> |

THE ARTS COUNCIL OF PRINCETON

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Revenue and Support Recognition (continued):

| | <u>2025</u> | <u>2024</u> |
|--|---------------------|---------------------|
| Contributions and other revenue not subject to ASC 606 | | |
| Contributions | \$ 619,613 | \$ 785,029 |
| Grants and contracts | 190,310 | 114,896 |
| Investment return | <u>251,052</u> | <u>154,512</u> |
| Total contributions and other revenue | <u>1,060,975</u> | <u>1,054,437</u> |
| Total revenue | <u>\$ 2,084,219</u> | <u>\$ 2,117,910</u> |

Allocation of Expenses:

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, which are allocated on the basis of estimated time and effort, as well as occupancy, which is allocated on a square footage basis. Other costs are allocated based upon direct cost method and historical percentages.

Income Taxes:

The Organization is exempt from federal taxes under section 501 (c) (3) of the Internal Revenue Service Code. Accordingly, no provision for Federal or State income taxes has been recorded in the financial statements.

Generally accepted accounting principles prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. It requires that computations of current and deferred income taxes only consider tax positions that are more than likely than not to be sustained if the tax authorities examine a position. The Organization evaluates statutes of limitations changes in tax law and new authoritative rulings and accrues for liabilities if applicable. The Organization's analysis found no uncertain tax positions.

Federal and state tax returns are subject to examination by the taxing authorities generally for a period of three years after they are filed. Any penalties and interest assessed by taxing authorities are included in operating expenses. There were no interest or penalties for the years ended June 30, 2025 and 2024.

Property and Equipment:

Property and equipment is recorded at cost. Generally, acquisitions over \$2,500 are capitalized. Maintenance and repairs that do not improve or extend the lives of assets are charged to expense as incurred. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. At time of retirement or other disposition of assets the cost and accumulated depreciation are removed from the accounts and any gain or loss is reflected in revenues or expenses.

THE ARTS COUNCIL OF PRINCETON

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Property and Equipment: (continued)

Contributed property and equipment is recorded at fair value at the date of donation. When donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support.

Cash and Cash Equivalents:

For purposes of the statements of cash flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. This includes money market accounts with brokerage firms.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Media and Publicity:

The Organization expenses advertising and marketing costs (media and publicity) as they are incurred. For the years ended June 30, 2025 and 2024 advertising expense was \$10,377 and \$6,959, respectively.

Allowance for Credit Losses

The Organization recognizes an allowance for credit losses for financial assets carried at amortized cost to present the net amount expected to be collected as of the statement of financial position date. Such allowance is based on the credit losses expected to arise over the life of the asset (contractual term) which includes consideration of prepayments and based on our expectation as of the statement of financial position date.

Assets are written off when determined that such financial assets are deemed uncollectable or based on certain other requirements, whichever is earlier. Write-offs are recognized as a deduction from the allowance for credit losses. Expected recoveries of amounts previously written off, not to exceed the aggregate of the amount previously written off, are included in determining the necessary reserve at the statement of financial position date.

An allowance for credit losses is estimated based on an assessment of current status of individual accounts. At June 30, 2025 and 2024 management has concluded that an allowance was not necessary.

THE ARTS COUNCIL OF PRINCETON

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Investments:

The Organization carries investments in marketable securities with readily determinable values and all investments in debt securities at fair value.

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in an orderly transaction between market participants on the measurement date. In accordance with FASB ASC 820-10-50, Fair Value Measurements establishes a fair value hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as U.S. Treasury securities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. Government and agency mortgage-backed debt securities, corporate-debt securities and alternative investments.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.

Fair value estimates are made at a specific point in time, based on available market information and judgments about the financial asset, including estimates of timing, amount of expected future cash flows and the credit standing of the issuer. In some cases, the fair value estimates cannot be substantiated by comparison to independent markets. In addition, the disclosed fair value may not be realized in the immediate settlement of the financial asset. In addition, the disclosed fair values do not reflect any premium or discount that could result from offering for sale at one time an entire holding of a particular financial asset. Potential taxes and other expenses that would be incurred in an actual sale or settlement are not reflected in amounts disclosed.

THE ARTS COUNCIL OF PRINCETON

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

2. Summary of Significant Accounting Policies (continued)

Fair Value of Financial Instruments:

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2025 and 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position. The estimated fair value amounts have been determined by the Organization using available market information and appropriate valuation methodologies. Considerable judgment is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Organization could realize in a current market exchange.

Special Events:

The Organization reports special fund-raising event income based upon the gross amounts received.

Deferred Revenue:

Deferred revenue at June 30, 2025 and 2024 consisted of tuition paid in advance and sponsorships for events held in the next fiscal year.

Subsequent Events:

The Organization has evaluated subsequent events through March 2, 2026, the date the financial statements were available to be issued.

3. Grants Receivable

Grants receivable at June 30, 2025 and 2024 consisted of the following:

| | <u>2025</u> | <u>2024</u> |
|---------------------------------------|------------------|------------------|
| New Jersey State Council for the Arts | \$ 38,202 | \$ 21,224 |
| Municipality of Princeton | 37,500 | - |
| National Endowment for the Arts | - | 7,980 |
| | <u>\$ 75,702</u> | <u>\$ 29,204</u> |

THE ARTS COUNCIL OF PRINCETON

Notes to Financial Statements
Years Ended June 30, 2025 and 2024

4. Contributions Receivable

Contributions receivable at June 30, 2025 and 2024 represent unconditional promises to give, which have been made by donors but have not yet been received by the Organization. Contributions which will not be received in the subsequent year have been discounted using an estimated rate of return which could be earned if such contributions had been made in the current year. The Organization considers contributions receivable fully collectible; accordingly, no allowance for uncollectable pledges has been provided.

Contributions receivable at June 30, 2025 and 2024 were as follows:

| | 2025 | 2024 |
|--|------------|------------|
| Contributions receivable in less than one year | \$ 34,275 | \$ 64,130 |
| Contributions receivable in one to five years: | | |
| Total | 95,000 | 150,000 |
| Less: discount to net present value | (4,218) | (6,600) |
| Net long-term contribution receivable | 90,782 | 143,400 |
| Total contributions receivable | \$ 125,057 | \$ 207,530 |

5. Investments

Investments at June 30, 2025 and 2024 consisted of the following:

| | June 30, 2025 | | June 30, 2024 | |
|-------------------------------------|-------------------|-------------------|-------------------|------------------|
| | Fair Market Value | Principal / Cost* | Fair Market Value | Principal/ Cost* |
| Donor Restricted Investments | | | | |
| PACF – Pooled Fund – Galbraith Fund | \$ 940,043 | \$ 699,633 | \$ 856,944 | \$ 699,633 |
| PACF – Pooled Fund – Johnson Fund | 318,305 | 250,000 | 290,269 | 250,000 |
| PACF – Pooled Fund – Waxwood Fund | 53,592 | 40,000 | 48,824 | 40,000 |
| PACF- Pooled Fund - Andrews Fund | 103,579 | 90,000 | 30,622 | 30,000 |
| Morgan Stanley – Evans Fund | 172,510 | 150,429* | 160,936 | 149,583* |
| Total donor-restricted investments | 1,588,029 | 1,230,062 | 1,387,595 | 1,169,216 |
| Unrestricted investments | | | | |
| T-bills & short-term mutual funds | 740,595 | 735,834* | 582,894 | 573,777* |
| Total investments | \$ 2,328,624 | \$ 1,983,896 | \$ 1,970,489 | \$ 1,742,993 |

THE ARTS COUNCIL OF PRINCETON

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

5. Investments (continued)

Four investment accounts are held in pooled funds invested with Princeton Area Community Foundation (PACF). As a participant in the pooled funds, the Organization's ownership interest is based on an allocation of the fair value of the Organization's units to the total fair value of the total investment pool. The pool is revalued periodically and income, gains and losses are located to the participants based on their units. All investments are measured at fair value in the statement of financial position. The change in fair value is included in investment income.

The following is a description of the valuation methodologies used for assets measured at fair value, on a recurring basis. There has been no change to the methodologies used at June 30, 2025 and 2024.

Pooled investments are valued using a level 2 standard at the net asset value (NAV) of the units of the total pooled amounts. The NAV, as provided by PACF is used as the practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the pool less its liabilities. The practical expedient is not used when it is probable that the fund will sell the investments for an amount different than the reported NAV. Participant transactions may occur daily. Were the pooled investments to initiate a full redemption of the investment, the investment advisor reserves the right to temporarily delay withdrawal from the investment in order to ensure that securities liquidation will be carried out in an orderly manner.

Included in the above amounts are mutual funds with a fair market value of \$172,510 and \$160,936 and a cost of \$150,429 and \$149,583 at June 30, 2025 and 2024, respectively. These amounts are not in pooled funds. These investments are valued using level 1 inputs.

Also included in the above amounts are Treasury Bills with a fair market value of \$740,595 and \$582,894 and a cost of \$735,834 and \$573,777 at June 30, 2025 and 2024. These amounts are not in a pooled fund. These investments are valued using Level 1 inputs.

The Organization maintains four funds at PACF and one fund at Morgan Stanley. Four of the funds are permanently restricted (P). The Waxwood Fund (P) was established by the Arts Council of Princeton (ACP) in 1988. The fund is used to award scholarships to students from the Witherspoon-Jackson neighborhood to attend classes at the ACP. The Galbraith Fund (P) was established in 2012. This fund is used for programs for disadvantaged youth under the age of eighteen. The J. Seward Johnson Fund (P) was established in 2007 to support community programs and events that benefit the Witherspoon-Jackson Neighborhood. The Evans Fund (P) was established in 2011. This fund is used to award scholarships for ACP classes for talented high school or college students. Permanently restricted funds are subject to donor-imposed restrictions that the principal be invested in perpetuity. Income generated from the funds may be used for the donor's specified purpose. The Timothy M. Andrews Artistic Director Endowment Fund was established in 2024 to provide financial support to be distributed at the discretion of the Artistic Director with permission from the Executive Director.

THE ARTS COUNCIL OF PRINCETON

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

5. Investments (continued)

The following schedule summarizes the investment income in the statements of activities and changes in net assets for the years ended June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------------|
| Interest and dividend income (including bank interest) | \$ 55,820 | \$ 38,210 |
| Unrealized and realized appreciation (depreciation) on investments | <u>195,232</u> | <u>116,302</u> |
| Net investment income (loss) | <u>\$ 251,052</u> | <u>\$ 154,512</u> |

6. Property and Equipment

Property and equipment at June 30, 2025 and 2024 consisted of the following:

| | Useful Lives Years | <u>2025</u> | <u>2024</u> |
|-----------------------------|-----------------------|---------------------|---------------------|
| Land | | \$ 35,000 | \$ 35,000 |
| Building and improvements | 7-40 | 7,071,367 | 7,071,367 |
| Equipment | 5-30 | 118,683 | 118,683 |
| Furniture and fixtures | 5-7 | 146,873 | 146,873 |
| Theater upgrades | 7 | 24,573 | 24,573 |
| Construction in process | - | <u>29,745</u> | <u>-</u> |
| | | 7,426,241 | 7,396,496 |
| Accumulated depreciation | | <u>(3,350,848)</u> | <u>(3,165,132)</u> |
| Property and equipment, net | | <u>\$ 4,075,393</u> | <u>\$ 4,231,364</u> |

Depreciation expense amounted \$185,716 and \$189,526 for the years ended June 30, 2025 and 2024, respectively.

The land on which the Organization's building is located was purchased from Princeton Township. The deed for the property includes a "reverter" clause, restricting the use of the property for non-profit use and not for commercial, trade, or manufacture. If the property is not used as specified in the clause, title shall revert to Princeton Municipality.

THE ARTS COUNCIL OF PRINCETON

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

7. Deferred Revenue

Deferred revenue at June 30, 2025 and 2024 consisted of tuition paid in advance and sponsorships for future events. The following table provides information about significant changes in deferred revenue for the years ended June 30, 2025 and 2024:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------------|
| Deferred revenue, beginning of year | \$ 255,130 | \$ 226,190 |
| Revenue recognized that was included in Deferred revenue at the beginning of the year | (255,130) | (226,190) |
| Increase in deferred revenue due to cash received during the year | <u>296,424</u> | <u>255,130</u> |
| Deferred revenue, end of the year | <u>\$ 296,424</u> | <u>\$ 255,130</u> |

8. Long-term Debt

Long-term debt at June 30, 2025 and 2024 consisted of the following:

| | <u>2025</u> | <u>2024</u> |
|--|-------------------|-------------------|
| Loan payable to a bank, payable in monthly installments of \$2,667 through June 2034, including interest at 4.375% for the first 10 years plus and prime plus 2.50% for the remaining five years. This loan is secured by certain real estate. | \$ 236,995 | \$ 257,961 |
| SBA-EIDL (Economic Injury Disaster Loan) loan payable to a bank, payable in monthly installments of \$641 through June 2050, including interest at 2.75%. | <u>149,359</u> | <u>149,359</u> |
| Total long-term debt | 386,354 | 407,320 |
| Less: current portion of long-term debt | <u>25,924</u> | <u>23,401</u> |
| Total long-term debt, net of current portion | <u>\$ 360,430</u> | <u>\$ 383,919</u> |

The following is a summary of principal maturities of long-term debt:

| | |
|------------|-------------------|
| 2026 | \$ 25,924 |
| 2027 | 24,317 |
| 2028 | 29,377 |
| 2029 | 28,595 |
| 2030 | 26,353 |
| Thereafter | <u>251,788</u> |
| | <u>\$ 386,354</u> |

THE ARTS COUNCIL OF PRINCETON

Notes to Financial Statements

Years Ended June 30, 2025 and 2024

9. Net Assets – With Donor Restrictions

Net assets with donor restrictions at June 30, 2025 and 2024 consisted of the following:

| | <u>2025</u> | <u>2024</u> |
|-------------------------------------|---------------------|---------------------|
| Accumulated earnings of investments | \$ 380,529 | \$ 229,017 |
| Restricted endowment funds | 1,226,663 | 1,166,663 |
| Programatic contributions | <u>165,010</u> | <u>249,742</u> |
| | <u>\$ 1,772,202</u> | <u>\$ 1,645,422</u> |

10. Equipment Leases

The Organization leases office equipment. The Organization entered into a lease during April 1, 2023. The lease ends March, 2028. Monthly payments total \$330.

The Organization has elected the short-term lease recognition exemption for all applicable classes of underlying assets. Leases that include an initial term of 12 months or less, that do not include an option to purchase the underlying assets that are reasonably certain to exercise, are not recorded on the statement of financial position

Future minimum payments at June 30, 2025 are as follows:

| | |
|------|----------|
| 2026 | \$ 3,960 |
| 2027 | 3,960 |
| 2028 | 2,970 |

11. Concentration of Credit Risk

The Organization receives a majority of its support and revenues from public support. This funding is subject to annual renewal. The Organization maintains its cash balances at local financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation.

12. Financial Assets and Liquidity

The Organization has certain donor-restricted net assets that may be available for general expenditures within one year of June 30, 2025 and 2024, because the restrictions on the net assets are expected to be met in the normal course of operations or can be redesignated by the Board of Directors. Accordingly, the related resources have been included in the quantitative information detailing the financial assets available to meet general expenditures within one year.

The following reflects the Organization's financial assets as of June 30, 2025 and 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date.

| | <u>2025</u> | <u>2024</u> |
|--|--------------------|--------------------|
| Cash and cash equivalents | \$ 310,769 | \$ 407,399 |
| Grants and contributions receivable | 109,977 | 93,334 |
| Investments | <u>2,328,624</u> | <u>1,970,489</u> |
| | 2,749,370 | 2,471,222 |
| Less: investments restricted by donors | <u>(1,772,202)</u> | <u>(1,645,422)</u> |
| Total financial assets available within one year | <u>\$ 977,168</u> | <u>\$ 825,800</u> |

THE ARTS COUNCIL OF PRINCETON
 Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2025

| Federal or State Grantor/ Passthrough Grantor/ Program Title | CFDA Number | Grantor's Number | Grant Award | Funds Received (repaid) | Total Expenditures* |
|---|----------------|------------------|----------------|-------------------------------|------------------------|
| <u>Federal Awards</u> | | | | | |
| None | | | | | |
| <u>State of New Jersey</u> | | | | | |
| Department of State: New Jersey Council on the Arts 7/01/24 – 6/30/25 | | C-2514X0100537 | \$ 152,810 | \$ 114,608 | \$ 152,810 |
| Total state awards | | | | | <u>152,810</u> |
| <u>County Awards</u> | | | | | |
| Princeton Artistic Programming 1/1/25 – 12/31/25 | | | 75,000 | 37,500 | <u>37,500</u> |
| Total county awards | | | | | <u>37,500</u> |
| Total awards | | | | | <u>\$ 190,310</u> |

*No subrecipient expenditures

THE ARTS COUNCIL OF PRINCETON
Notes Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2025

1. General Information:

The accompanying Schedule of Expenditures of Federal and State Awards include the federal and state awards activity of The Arts Council of Princeton under programs of the federal and state government for the year ended June 30, 2025. All financial awards received directly from federal and state agencies as well as financial awards passed through other governmental agencies or not-for-profit organizations are included on the schedule. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of The Arts Council of Princeton, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Arts Council of Princeton.

2. Basis of Accounting:

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the accrual basis of accounting. The amounts recognized following the cost principles contained in *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and/or OMB Circular A-122, Cost Principles for Non-Profit Organizations* where in certain types of expenditures are not allowable or are limited as to reimbursement. If present, negative amounts reflected in the schedule represent adjustments or credit resulting from the normal course of business to amounts reported as expenditures in prior years. The amounts reported in the schedule as expenditures may differ from certain financial reports submitted to federal and state funding agencies due to those reports being submitted on either a cash or modified accrual basis of accounting.

3. Relationship to Basic Financial Statements:

Federal and State Award expenditures are reported on the Statement of Functional Expenses as program services. In certain programs, the expenditures reported in the financial statements may differ from the expenditures reported in the Schedule of Expenditures of Federal and State Awards due to program expenditures exceeding grant or contract budget limitations, matching or in-kind contributions or capitalization policies required under accounting principles generally accepted in the United States of America.

4. Indirect Cost Rate:

The Arts Council of Princeton has elected not to use the 10% de minimus indirect cost rate as allowed under Uniform Guidance.

To the Board of Trustees of
The Arts Council of Princeton
Princeton, New Jersey

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Arts Council of Princeton (a nonprofit organization), which comprise the statement of financial position as of June 30, 2025, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 2, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Arts Council of Princeton's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Arts Council of Princeton's internal control. Accordingly, we do not express an opinion on the effectiveness of The Arts Council of Princeton's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

To the Board of Trustees of
The Arts Council of Princeton
Princeton, New Jersey

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Arts Council of Princeton's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Platform CPAs, LLP

Mercerville, New Jersey
March 2, 2026

THE ARTS COUNCIL OF PRINCETON

Year Ended June 30, 2025

Additional Information Required by the
State of New Jersey – Funding Sources

1. All Federal and State payroll tax returns were filed timely and all required tax payments were made.
2. The IRS 990 tax return for the year ended June 30, 2024 was filed and the IRS 990 for the year ended June 30, 2025 will be filed in compliance with statutory requirements.
3. The CRI-300R New Jersey tax return for the year ended June 30, 2024 was filed and the CRI-300R for the year ended June 30, 2025 will be filed in compliance with statutory requirements.
4. There were no questioned costs as a result of this audit.