

**TALLAHASSEE – LEON COUNTY
CULTURAL RESOURCES COMMISSION
D/B/A**

COUNCIL ON CULTURE AND ARTS

**FINANCIAL STATEMENTS
FOR THE YEARS ENDED
SEPTEMBER 30, 2023 and 2022**

DRAFT

**TALLAHASSEE – LEON COUNTY
CULTURAL RESOURCES COMMISSION
D/B/A**

COUNCIL ON CULTURE AND ARTS

TABLE OF CONTENTS

Independent Auditor’s Report	1-3
Financial Statements	
Statement of Financial Position	4
Statement of Activities	5
Statement of Functional Expenses (2023)	6-7
Statement of Cash Flows	8
Notes to Financial Statements	9-17
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.....	18-19

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
Tallahassee – Leon County Cultural Resources Commission
d/b/a Council on Culture and Arts
Tallahassee, Florida

Opinion

We have audited the accompanying financial statements of the Tallahassee – Leon County Cultural Resources Commission d/b/a Council on Culture and Arts (a nonprofit organization) (the Council) which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Council as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council'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 Council'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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated January 10, 2024, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Council's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Council's internal control over financial reporting and compliance.

Grayson Accounting & Consulting, P.A.

Tallahassee, Florida
January 10, 2024

DRAFT

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
STATEMENTS OF FINANCIAL POSITION
AS OF SEPTEMBER 30,**

	2023	2022
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	2,696,611	1,919,549
Accounts Receivable	468,035	378,899
Grant Receivable	80,869	162,000
Deposits	-	3,401
Prepaid Expenses	8,566	5,311
Total Current Assets	3,254,081	2,469,160
Property and Equipment, net	6,658	10,544
TOTAL ASSETS	3,260,739	2,479,703
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts Payable	16,630	13,617
Grants Payable	52,814	40,171
Refundable advances	2,326,305	1,717,315
Due to Third Parties	26,663	27,554
Total Current Liabilities	2,422,412	1,798,657
Net Assets		
Reserve Fund	10,177	10,177
Without Donor Restrictions	828,150	670,869
Total Net Assets	838,327	681,046
TOTAL LIABILITIES AND NET ASSETS	3,260,739	2,479,703

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

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
 COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
 STATEMENT OF ACTIVITIES
 FOR THE YEARS ENDED SEPTEMBER 30,**

	2023	2022
<u>SUPPORT AND REVENUE</u>		
County Grants	972,952	663,371
City Grants	288,544	-
Other Grants	246,717	233,860
City Contract	192,036	192,036
County Contract	150,000	150,000
Other Revenue	13,864	63,732
In-kind Contributions	-	9,400
Membership Fees	18,145	16,474
Advertising Revenue	5,061	13,874
Interest Income	27,959	739
Total Support and Revenue	1,915,278	1,343,486
<u>EXPENSES</u>		
Program Expenses	1,602,306	1,029,675
Management & General	128,680	118,821
Fundraising	27,011	19,740
Total Expenses	1,757,997	1,168,236
Increase (decrease) in net assets	157,281	175,250
Net assets , beginning of the year	681,046	505,796
Net assets , end of year	838,327	681,046

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

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
 COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	<u>Program Expenses</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Grant Payments	1,174,620	-	-	1,174,620
Direct Cost	14,541	4,332	918	19,791
Salaries	254,069	75,698	16,046	345,813
Office Space Rental	20,120	5,995	1,271	27,385
Payroll Taxes	19,477	5,803	1,230	26,511
Retirement Benefits	5,081	1,514	321	6,916
Insurance	34,864	10,388	2,202	47,453
Professional Services	12,145	3,618	767	16,530
General Office Expenses	8,737	2,603	552	11,892
Supplies	1,782	531	113	2,425
Equipment	20,252	6,034	1,279	27,565
Public Meetings and Events	7,761	2,312	490	10,564
Depreciation	2,961	882	187	4,030
Finance and Bank Charges	-	1,253	-	1,253
Marketing and Advertising	24,297	7,239	1,534	33,070
Travel and Hospitality	1,600	477	101	2,177
Total Expenses	<u>1,602,306</u>	<u>128,680</u>	<u>27,011</u>	<u>1,757,997</u>

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

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
 COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
 SCHEDULE OF FUNCTIONAL EXPENSES
 FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	<u>Program Expenses</u>	<u>Management & General</u>	<u>Fundraising</u>	<u>Total</u>
Grant Payments	597,959	-	-	597,959
Direct Cost	22,986	6,252	1,051	30,289
Salaries	242,579	65,975	11,092	319,645
Office Space Rental	36,427	9,907	1,666	48,000
Payroll Taxes	18,600	5,059	850	24,509
Retirement Benefits	4,826	1,312	221	6,359
Insurance	22,135	6,020	1,012	29,167
Professional Services	20,251	5,508	926	26,685
General Office Expenses	18,084	4,918	827	23,829
Supplies	1,326	361	61	1,748
Equipment	16,132	4,387	738	21,256
Public Meetings and Events	1,475	401	67	1,944
Depreciation	2,745	746	125	3,617
Finance and Bank Charges	-	1,406	-	1,406
Marketing and Advertising	22,496	6,118	1,029	29,642
Travel and Hospitality	1,656	450	76	2,182
Total Expenses	<u>1,029,675</u>	<u>118,821</u>	<u>19,740</u>	<u>1,168,236</u>

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

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30,**

	2023	2022
Cash Flow From Operating Activities		
Change in Net Assets	157,281	175,250
Adjustments to reconcile Change in Net		
Assets to net cash provided by operating activities:		
Depreciation and Amortization	4,030	3,617
Forgiveness of Payroll Protection Program loan	-	(75,140)
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable	(89,136)	(73,435)
(Increase) Decrease in Contract Receivable	-	
(Increase) Decrease in Grant Recievable	81,131	
(Increase) Decrease in Deposits	3,401	
(Increase) Decrease in Prepaid Expenses	(3,255)	851
Increase (Decrease) in Accounts Payable	3,013	(299,276)
Increase (Decrease) in Grants Payable	12,643	
Increase (Decrease) in Deferred Revenue	608,990	903,907
Increase (Decrease) in Deferred Revenue		
Increase (Decrease) in Due To/From	(892)	25,673
	777,206	661,447
Cash Flow From Investing Activities		
Purchase of property and equipment	(1,559)	(10,729)
Sale of property and equipment	1,415	-
Net cash provided (Used) by Investing Activities	(144)	(10,729)
Cash Flow From Financing Activities		
	-	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	777,062	650,718
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,919,549	1,268,831
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	2,696,611	1,919,549
<u>SUPPLEMENTAL DISCLOSURES</u>		
Interest Paid	-	-

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

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows.

Nature of the Organization

The Tallahassee – Leon County Cultural Resources Commission was created by the authority of Section 265.32, *Florida Statutes*, the October 18, 1985 inter-local agreement between the Tallahassee City Commission (the City) and the Board of County Commissioners of Leon County (County), and the 1985 Resolution of the Board of County Commissioners of Leon County to serve as the designated local arts agency for the City and the County for all purposes set out in the statutes and the organizational documents as follows:

- Stimulate greater governmental and public awareness and appreciation of the importance of the arts to the people of Tallahassee/Leon County;
- Encourage and facilitate greater and more efficient use of governmental and private resources for the development and support of the arts;
- Encourage and facilitate opportunities for Tallahassee/Leon County residents to participate in artistic activities;
- Promote the development of resident artists, arts institutions, and community organizations sponsoring arts activities and audiences;
- Survey and assess the needs of the arts, artists, arts institutions, and community organizations sponsoring arts activities and people of Tallahassee/Leon County relating to the arts;
- Support and facilitate the preservation and growth of the state's artistic resources;
- Contract for artistic services, performances, and exhibits;
- Develop a center or complex of physical facilities for the use of the arts;
- Provide financial and/or technical assistance to artists, arts institutions, and audiences; and
- Otherwise serve the citizens of Tallahassee and Leon County in the realm of the arts.

Effective October 1, 2006, the Tallahassee – Leon County Cultural Resources Commission began operating under the fictitious name Council on Culture and Arts (the Council).

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting and Presentation

In accordance with accounting principles generally accepted in the United States of America, the Council is required to report information regarding its financial position and activities according to the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for a contingency reserve fund and a staff retirement fund.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Council had no net assets with donor restrictions as of September 30, 2023, and 2022.

Cash Equivalents

For purposes of the statements of cash flows, the Council considers all unrestricted highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Grants and Contributions

Unconditional grants and contributions are recognized as revenue in the period received. Conditional grants and contributions are recognized only when the requirements on which they depend are substantially met and the grants and contributions become unconditional. Amounts earned but not received are reported as grants receivable. Amounts received but not earned are reported as refundable advances.

Property and Equipment

The Council capitalizes acquisitions of property and equipment having a useful life of more than one year and a cost of at least \$1,000. Property and equipment are recorded at cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that exceed the threshold established by management and significantly extend the useful life of the asset are capitalized. All property and equipment is depreciated using the straight-line method over the estimated lives of the assets. Expenditures for maintenance and repairs and for equipment with a value of less than \$1,000 are charged to expense as incurred.

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue and Revenue Recognition

Revenues from contracts with members for memberships are reported at the amount that reflects the consideration to which the Council expects to be entitled to in exchange for providing membership to its members. Membership dues are recognized as performance obligations are satisfied over the membership term, which is on an annual basis, but varies for each member. Membership dues are billed annually and are nonrefundable.

Advertising and other revenues are recognized when the services have been performed and the products have been transferred.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Unconditional promises to give are recognized as revenue in the period received.

Conditional grants and contributions are recognized as revenue when the conditions on which they depend have been substantially met. Amounts received in excess of revenue recognized under conditional grants and contributions are reflected as refundable advances in the accompanying statements of financial position.

In-Kind Contributions

There were no donated services recognized in the year ended September 30, 2023. During the year ended September 30, 2022, the Council received donated services of approximately \$9,400. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Council. The Council recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair value at the time of the donation.

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants Awarded

Grants awarded are recorded as program expenses at the time of unconditional approval by the Council. The Council administers the cultural grant programs on behalf of the City and County. Grant administration includes reviewing applications, making awards, monitoring grantee performance and submitting periodic reports of the grant programs to the City and County. Disbursements under the County grant program are made by the Council on a basis aligned with the authorized contractual payment schedule in the individual executed agreements. These schedules may vary between two to four payments per fiscal year. The disbursements are reflected in the accompanying financial statements as program services expenses.

Advertising Costs

The Council incurs marketing and advertising costs to promote special events. These costs are expensed as incurred and totaled \$33,070 and \$29,642 for the years ended September 30, 2023 and 2022, respectively.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited based on management's assessment of staff time.

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 certain reported amounts and disclosures. Actual results may differ from those estimates.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation.

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE B – FAIR VALUE MEASUREMENTS

The Council follows the provisions of the Financial Accounting Standards Board's Accounting Standards Codification Topic 820, *Fair Value Measurements and Disclosures* (ASC 820). ASC 820 establishes a common definition for fair value to be applied to U.S. generally accepted accounting principles requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The standard establishes a fair value hierarchy about the assumptions used to measure fair value and clarifies assumptions about risk and the effect of a restriction on the sale or use of an asset. This standard does not require any new fair value measurements, but rather applies to all other accounting pronouncements that require or permit fair value measurements.

ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (or exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

ASC 820 also 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: Observable inputs such as quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly or indirectly. These include quoted prices of similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the same term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value of financial instruments including cash and cash equivalents, grants and contributions receivable, prepaid expenses, deposits, accounts payable and accrued expenses, due to beneficiaries under agency transactions, and refundable advances approximates carrying value, principally because of the short maturity of those items.

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE B – FAIR VALUE MEASUREMENTS (Continued)

While the Council believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different estimate of fair value as of the reporting date.

NOTE C – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of September 30:

	<u>Estimated Useful Lives</u>	<u>2023</u>	<u>2022</u>
Website	3 years	90,312	90,312
Computer and office equipment	3 - 5 years	22,062	22,201
		<u>112,374</u>	<u>112,513</u>
Less: Accumulated depreciation		(105,716)	(101,969)
Property and Equipment, net		<u><u>6,658</u></u>	<u><u>10,544</u></u>

NOTE D – OPERATING LEASES

The Council leases office space and equipment under operating leases expiring through 2024. Future minimum payments required under the non-cancelable leases as of September 30, 2024, are as follows:

<u>Year Ending September 30,</u>	
2024	\$1,068

Rent expense for the years ended September 30, 2023 and 2022 totaled \$28,986 and \$49,601, respectively.

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE E – AGENCY TRANSACTIONS

The Council entered into agreements whereby the Council acts as an agent for and on behalf of a donor. Under the terms of these agreements, the Council agrees to receive assets from the donor(s) and transfer those assets to specified beneficiaries. As of September 30, 2023 and 2022, the Council held \$26,663 and \$27,554, respectively, to be transferred to specified beneficiaries under these agreements. These amounts are included in due to third-party beneficiary in the accompanying statements of financial position.

NOTE F – CONCENTRATIONS OF CREDIT RISK

The Council maintains cash balances at a financial institution. Accounts are insured by the Federal Deposit Insurance Corporation up to \$250,000 per financial institution. The Council's uninsured cash balances as of September 30, 2023 and 2022 totaled \$2,276,835 and \$1,450,190, respectively.

NOTE G – LINE OF CREDIT

The Council maintains a \$50,000 line of credit with a financial institution, which is payable on demand and bears interest at a variable rate based on the prime rate plus 2% (10.5% and 9% as of September 30, 2023 and 2022). The line of credit matures in February 2025 and, subject to certain conditions, may be renewed. There was no outstanding balance on the line of credit as of September 30, 2023 and 2022.

The carrying value of the line of credit approximates fair value because this financial instrument bears interest at a rate that approximates current market rates for notes with similar maturities and credit quality.

NOTE H – RETIREMENT PLAN

In October 2019, the Organization established a SIMPLE-IRA plan (the Plan) for employees who meet certain eligibility requirements. Employer contributions equal two percent (2%) of the eligible employees' compensation. For the years ended September 30, 2023, and 2022, employer contributions totaled \$6,916 and \$6,359, respectively.

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE I – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenses, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position, comprise the following:

	2023	2022
Cash and cash equivalents	2,696,611	1,919,549
Grants and contributions receivable	548,904	540,899
Total financial assets	3,245,515	2,460,448
Board designations:		
Contingency reserve fund	(10,177)	(10,177)
Total financial assets available to meet cash needs for general expenses within one year	3,235,338	2,450,271

The Council has board designated funds which are not available for general expenditures due to self-imposed limitations. The contingency reserve fund is set aside by the board to support unanticipated liquidity needs.

The Council also maintains a \$50,000 line of credit to meet its short-term cash needs as they arise.

The Council monitors cash availability on a regular basis prior to preparing its accounts payable disbursements.

NOTE J – UNCERTAIN TAX POSITIONS

Management is not aware of any activities that would jeopardize the Council’s tax-exempt status, and believes it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements as of and for the years ended September 30, 2023, and 2022.

The Council is subject to routine audits by taxing jurisdictions; however, there are currently no audits in progress for any tax periods. The Council believes it is no longer subject to income tax examinations for fiscal years ending prior to September 30, 2020.

**TALLAHASSEE – LEON COUNTY CULTURAL RESOURCES
COMMISSION D/B/A COUNCIL ON CULTURE AND ARTS
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2023**

NOTE K – SUBSEQUENT EVENTS

The Council has evaluated subsequent events through January 10, 2024, the date which the financial statements were available to be issued.

Although the recovery from the pandemic have been completed, judging by the in-person events, live programming, and touring, the rise in inflation uncertainty may be acting as a headwind to programming growth and pose challenges for future increase in tourist visitors, and consumer demand across a broad range of art and cultural manifestations and events in the city and the county.

Management is constantly monitoring the situation and adjusting its services and budgeting as needed. Due to resource efficiency considerations, the Council released its long-time physical location and employees have been moved to work in a hybrid system, both remotely and in a co-working space at DOMI Station. No adjustments have been made to these financial statements during these precarious times, though the financial uncertainties have resulted in more conservative funding pool available for this fiscal year's grant cycle. Other financial impacts could continue to occur, though such impacts are unknown at this time. Overall, the Council continues to evaluate how to serve the community more efficiently and does not foresee any future decrease in funding as result of current uncertainties.

NOTE L – RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessees and lessors). The new standard requires lessees to apply a dual approach, classifying leases as either finance or operating leases based on principle of whether or not the lease is effectively a financed purchase by the lessee. The ASU was effective for fiscal years beginning after December 15, 2021. The Council implemented ASU 2016-02 during the year ended September 30, 2023.

The Council has made an accounting policy election to forgo applying the requirements for recognition to short-term leases, and alternatively has recorded the lease payments in the Statement of Activities on a straight-line basis over the term of the lease.

INDEPENDENT AUDITOR'S 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*

To the Board of Directors,
Tallahassee – Leon County Cultural Resources Commission
d/b/a Council on Culture and Arts
Tallahassee, Florida

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 Tallahassee – Leon County Cultural Resources Commission d/b/a Council on Culture and Arts (a nonprofit organization), (the Council) which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing the 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 Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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.

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 Council's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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.

Grayson Accounting & Consulting, P.A.

Tallahassee, Florida
January 10, 2023