Fayette County Cultural Trust
and Affiliate

Consolidated Financial Statements

Years ended December 31, 2023 and 2022

Fayette County Cultural Trust
and Affiliate

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December 31, 2023 and 2022

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OPST & ASSOCIATES, LLC
Certified Public Accountants

Wellington Square, Suite 102
1225 South Main Street
Greensburg, PA 15601

Independent Auditors' Report

To the Board of Directors
Fayette County Cultural Trust and Affiliate
Connellsville, Pennsylvania

Opinion

We have audited the accompanying consolidated financial statements of Fayette County Cultural Trust (a nonprofit organization) and Fayette County Cultural Trust Real Estate Holding Company, an affiliated organization, which comprise the consolidated statements of financial position as of December 31, 2023 and 2022, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the respective net position of the Organization, as of December 31, 2023 and 2022, and the respective changes in net assets and 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. 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 Fayette County Cultural Trust and Fayette County Cultural Trust Real Estate Holding Company and to meet our other ethical responsibilities, in accordance with 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 opinion.

Responsibility of Management 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.

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 Organizations' 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 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 GAAS 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, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these 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 Organizations' 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 Organization'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 Matters

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidated statements of functional expenses on pages 17 -18 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Opst & Associates, LLC

March 29, 2024

Fayette County Cultural Trust
and Affiliate

Consolidated Statements of Financial Position

December 31,	2023	2022
Current Assets		
Cash and cash equivalents	$ 619,809	$ 663,555
Pledges receivable (net of allowance for uncollectible pledges of $1,795 for 2023 and 2022)	3,855	2,108
Prepaid expenses	8,210	5,303
Total Current Assets	631,874	670,966
Property and Equipment		
Land	30,000	30,000
Building	830,554	606,404
Equipment	64,903	49,402
	925,457	685,806
Less: Accumulated depreciation	(167,185)	(147,174)
Property and Equipment - net	758,272	538,632
Other Assets		
Beneficial interest in the assets of the Community Foundation	106,261	99,401
Total Assets	$ 1,496,407	$ 1,308,999
Current Liabilities		
Accounts payable	$ 45,528	$ 19,640
Payroll taxes payable	5,101	5,089
Accrued salaries	3,839	3,479
Deferred revenue	2,065	3,062
Total Current Liabilities	56,533	31,270
Net Assets		
Without donor restrictions	850,299	706,134
With donor restrictions	589,575	571,595
Total Net Assets	1,439,874	1,277,729
Total Liabilities and Net Assets	$ 1,496,407	$ 1,308,999

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

Fayette County Cultural Trust
and Affiliate

Consolidated Statement of Activities and Changes in Net Assets

For the Year Ended December 31,	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants	$ 428	$ 595,000	$ 595,428
Contributions	62,488	44,829	107,317
Canteen sales	84,536	-	84,536
Sponsorship income	16,600	-	16,600
Miscellaneous	495	-	495
Investment income (loss)	12,490	-	12,490
Rental income	13,429		13,429
Advertising income	3,025	-	3,025
Publication sales	3,458	-	3,458
Interest and dividends	9,819	-	9,819
Fundraising income	1,170	-	1,170
Program revenue	1,315	-	1,315
Total Support and Revenue	209,253	639,829	849,082
Net assets released from restrictions	621,849	(621,849)	-
Expenses			
Program	576,571	-	576,571
Management and general	107,578	-	107,578
Fundraising	2,788	-	2,788
Total Expenses	686,937	-	686,937
Increase (Decrease) in Net Assets	144,165	17,980	162,145
Net Assets - Beginning of Year	706,134	571,595	1,277,729
Net Assets - End of Year	$ 850,299	$ 589,575	$ 1,439,874

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

Fayette County Cultural Trust
and Affiliate

Consolidated Statement of Activities and Changes in Net Assets

For the Year Ended December 31,	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Grants	$ 632	$ 465,000	$ 465,632
Canteen sales	80,081	-	80,081
Contributions	38,775	-	38,775
Sale of property	(35,852)	-	(35,852)
Fundraising income	12,253	-	12,253
Publication sales	5,440	-	5,440
Miscellaneous	7,750	-	7,750
Interest and dividends	1,901	-	1,901
Investment income (loss)	(15,430)	-	(15,430)
Program revenue	775	-	775
Total Support and Revenue	96,325	465,000	561,325
Net assets released from restrictions	308,169	(308,169)	-
Expenses			
Program	462,293	-	462,293
Management and general	119,466	-	119,466
Fundraising	1,260	-	1,260
Total Expenses	583,019	-	583,019
Increase (Decrease) in Net Assets	(178,525)	156,831	(21,694)
Net Assets - Beginning of Year	884,659	414,764	1,299,423
Net Assets - End of Year	$ 706,134	$ 571,595	$ 1,277,729

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

Fayette County Cultural Trust
and Affiliate

Consolidated Statements of Cash Flows

For the Years Ended December 31,	2023	2022
Cash Flows from Operating Activities		
Change in net assets	$ 162,145	$ (21,694)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities		
Depreciation expense	20,011	17,230
Beneficial interest in assets held by Community Foundation	(6,860)	21,217
Gain on sale of building and land	-	35,852
Changes in:		
Pledges receivable	(1,747)	(1,634)
Prepaid expenses	(2,907)	397
Accounts payable	25,888	16,379
Payroll taxes payable	12	(561)
Accrued salaries	360	(414)
Deferred revenues	(997)	(1,812)
Cash Provided By (Used for) Operating Activities	195,905	64,960
Cash Flows from Financing Activities		
Purchase of property and equipment	(239,651)	(204,827)
Proceeds from sale of building and land	-	23,849
Cash Provided By (Used for) Financing Activities	(239,651)	(180,978)
Increase (Decrease) in Cash	(43,746)	(116,018)
Cash and Equivalents - Beginning of Year	663,555	779,573
Cash and Equivalents - End of Year	$ 619,809	$ 663,555

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

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Fayette County Cultural Trust (the Trust) is a nonprofit organization created in July 2006 as the Connellsville Cultural Trust. Its purpose is to promote and foster cultural growth and awareness in the Fayette County area. The Organization is governed by a Board of Directors. In 2010, the Organization changed its name to the Fayette County Cultural Trust to reflect its expanding mission to the other areas within Fayette County.

During 2014, the Trust established Fayette County Cultural Trust Real Estate Holding Company which is the title-holding company of the Fayette County Cultural Trust. It is organized as an IRS 501(c)(2) exempt corporation for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to the Fayette County Cultural Trust. The Trust pays rent to this company for facility usage.

The consolidated financial statements include accounts of both Organizations and all significant intercompany transactions have been eliminated in consolidation.

Income Tax Status

Fayette County Cultural Trust and Fayette County Cultural Trust Real Estate Holding Company are incorporated under the laws of the Commonwealth of Pennsylvania as voluntary, non-profit corporations and are exempt from income taxes under Section 501(c)(3) and 501(c)(2), respectively, of the Internal Revenue Code and similar state laws. These Organizations are required to file information returns with the Internal Revenue Service (IRS). The Organizations' information returns filed for years 2021 and beyond remain subject to examination by the Internal Revenue Service.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Financial Statement Presentation

The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Note 1 - Summary of Significant Accounting Policies (Continued)

Financial Statement Presentation (Continued)

Under the provisions of the Guide, net assets and revenues and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Trust and changes therein are classified 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 Trust. The Trust's board may designate assets without restrictions for specific operational purposes from time to time.

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 Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents

The Trust's consider all highly liquid investments with original maturities of less than three months as cash equivalents.

Substantially all of the Organizations' cash and cash equivalents are on deposit in four banks in western Pennsylvania. The bank balances are only insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000 and deposits may, from time to time, exceed FDIC insurance limits.

Promises to Give

Unconditional promises to give are recognized as revenues or gains in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Property and Equipment

Property and equipment are recorded at cost. Improvements and additions that extend the useful life of an asset are capitalized. When depreciable assets are retired or otherwise disposed, the cost and related accumulated depreciation are eliminated from the accounts and the resulting gain or loss is reflected in other income (expense) for the year. Contributions of donated assets are recorded at their fair values in the period received.

Note 1 - Summary of Significant Accounting Policies (Continued)

Maintenance and repairs that are not considered to extend the useful lives of assets are charged to expense as incurred. When property and equipment are disposed of, the appropriate accounts are relieved of costs, and accumulated depreciation and any resultant gain or loss is reported as a change in net assets.

Depreciation for assets is provided using the straight-line method over their estimated useful lives ranging from 5 - 7 years for equipment and 15 - 39 years for building and improvements.

Leases

In February 2016, the FASB issued ASU 2016-02, Leases (ASC 842), which supersedes existing guidance for accounting for leases under Topic 840, Leases. The most significant change in the new leasing guidance is the requirement to recognize right-to-use (ROU) assets and lease liabilities for operating leases on the statement of financial position. The Organization had no leases that fell under ASC 842.

Methods Used to Allocate Expenses

Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses 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 depreciation and amortization, interest and insurance, which are allocated on a square-footage basis, as well as salaries, wages and employee benefits, which are allocated on the basis of estimates of time and effort.

Subsequent Events

Subsequent events have been evaluated through March 29, 2024, which is the date the financial statements were available to be issued. The Trust is not aware of any subsequent events that would require recognition or disclosure in the financial statements.

Note 2 - Concentrations

Revenue

The majority of annual revenues are from contributions in the Connellsville area and from businesses offering grants. Any significant reductions in this support would affect the ability to maintain the Trust’s current service levels.

Note 3 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of December 31:

	2023	2022
Subject to expenditure for a specified purpose:		
Arts Education Initiative	$ 329,867	$ 205,517
Downtown Connellsville pledges	10,776	3,366
NPP	137,889	260,276
Endowment fund	106,261	99,401
Subject to passage of time – for periods after December 31	4,782	3,035
	$ 589,575	$ 571,595

Net assets released from donor restrictions by incurring expenses satisfying the restricted purpose as of December 31:

	2023	2022
Purpose restrictions accomplished:		
NPP	$ 260,276	$ 197,436
Benedum Rural Arts	146,611	82,983
Trust program support	214,962	27,750
	$ 621,849	$ 308,169

Note 4 - Investments

Beneficial interest in assets held by Community Foundation consists of two funds held by the Community Foundation of Fayette County. The Trust is able to receive annual distributions from these funds based on a payout rate equal to 3% of the balance.

Fayette County Cultural Trust utilizes fair value measurement to record fair value adjustments to beneficial interest in assets held by Community Foundation and to determine fair value disclosures. Beneficial interest in assets held by Community Foundation are recorded at fair value on an annual basis.

The following is a description of the valuation methodology and key inputs used to measure beneficial interest in assets held by Community Foundation recorded at fair value.

Note 4 - Investments (Continued)

Fair Value Measurements

FASB ASC 820 provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

There have been no changes in the methodologies used at December 31, 2023. The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although management 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 value measurement at the reporting date.

Note 4 - Investments (Continued)

All of the assets held by the Trust at December 31, 2023 are classified as Level 3 investments. The following table sets forth a summary of changes in fair value of the Trust's Level 3 assets for the year ended December 31, 2023.

	2023	2022
Beginning fund balance	$ 99,401	$ 120,618
Administrative and investment fees	(5,630)	(5,787)
Net investment earnings (losses)	12,490	(15,430)
Total Fund Balance	$ 106,261	$ 99,401

Note 5 - Property and Equipment

Property and equipment activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Land	$ 30,000	$ -	$ -	$ 30,0000
Building/building improvements	606,404	224,150	-	868,831
Office equipment	49,402	15,501	-	64,903
Property and equipment, at historical cost	685,806	239,651	-	925,457
Less: Accumulated depreciation	(147,174)	(20,011)	-	(167,185)
Property and equipment - net	$ 538,632	$ 219,640	$ -	$ 758,272

In 2022, Fayette County Cultural Trust Real Estate Holdings Company purchased the building at 139 W. Crawford Avenue and from the Executive Director of Fayette County Cultural Trust in the amount of $204,827.

Note 6 - Downtown Connellsville Project

In 2008, the Trust developed a "Downtown Connellsville" program, which serves as a "Main Street" style initiative working on the revitalization of the downtown district in Connellsville. This project utilizes the three-point approach with committees focusing on economic vitality & design, organization and promotions & marketing. These contributions received are recognized as restricted revenue (see Note 3).

Note 7 - Deferred Revenues

Deferred revenues represent unearned subscription income. This income is derived from the Connellsville Crossroads magazine published quarterly by Fayette County Cultural Trust. The magazine's goal is to remember the area's past, embrace the present and look forward to the future. Deferred revenue totaled $2,065 at December 31, 2023 and $3,062 at December 31, 2022.

Note 8 - Methods Used for Allocation of Expenses

Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses 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 depreciation and amortization, interest and insurance, which are allocated on a square-footage basis, as well as salaries, wages and employee benefits, which are allocated on the basis of estimates of time and effort.

Note 9 - Liquidity

The Trust's financial assets available within one year of the balance sheet date for general expenditure are as follows:

	2023	2022
Cash and cash equivalents	$ 619,809	$ 663,555
Pledges receivable	3,855	2,108
Prepaid expenses	8,210	5,303
Less those unavailable for general expenditures		
Within one year due to:		
Restricted by donor with time restrictions	(4,782)	(3,035)
Restricted by donor with purpose restrictions	(584,793)	(568,560)
Total	$ 42,299	$ 99,371

The Trust's financial assets have been reduced by amounts not available for general use because of donor imposed restrictions within one year of the balance sheet date.

As part of the Trust'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. In addition, the Trust invests cash in excess of daily requirements in short-term investments.

Supplemental Information

Fayette County Cultural Trust
and Affiliate

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2023

	Program	Management and General	Fundraising	Total
Professional fees	$ 195,644	$ 29,431	$ -	$ 225,075
Salaries and wages	126,671	14,075	-	140,746
Program expenses	172,567	-	-	172,567
Utilities	11,133	9,109	-	20,242
Special events	17,617	1,958	-	19,575
Printing and reproduction	7,134	9,068	-	16,202
Payroll taxes	14,133	1,570	-	15,703
Depreciation	16,009	4,002	-	20,011
Insurance	13,860	-	-	13,860
Repairs and maintenance	-	13,313	-	13,313
Retirement plan expense	-	6,847	-	6,847
Dues and fees	350	6,644	-	6,994
Office expense	238	4,521	-	4,759
Travel	-	4,723	-	4,723
Marketing	1,215	2,257	-	3,472
Fundraising	-	-	2,788	2,788
Interest	-	60	-	60
	$ 576,571	$ 107,578	$ 2,788	$ 686,937

See Independent Auditors' Report.

Fayette County Cultural Trust
and Affiliate

Consolidated Statement of Functional Expenses

For the Year Ended December 31, 2022

	Program	Management and General	Fundraising	Total
Professional fees	$ 151,310	$ 50,437	$ -	$ 201,747
Salaries and wages	126,450	14,050	-	140,500
Program expenses	103,082	-	-	103,082
Payroll taxes	19,438	2,160	-	21,598
Special events	17,965	1,996	-	19,961
Utilities	10,451	8,551	-	19,002
Depreciation	13,784	3,446	-	17,230
Repairs and maintenance	-	14,181	-	14,181
Printing and reproduction	7,134	3,858	-	10,992
Insurance	7,917	-	-	7,917
Retirement plan expense	-	6,487	-	6,487
Travel	-	5,456	-	5,456
Office expense	213	4,056	-	4,269
Rent	3,420	180	-	3,600
Dues and fees	147	2,784	-	2,931
Marketing	982	1,824	-	2,806
Fundraising	-	-	1,260	1,260
	$ 462,293	$ 119,466	$ 1,260	$ 583,019

See Independent Auditors' Report.