

ART OF RECYCLE

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022

(See Independent Accountants' Compilation Report)

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Independent Accountants' Compilation Report

To the Board of Directors of
Art of Recycle
Ephrata, PA

Management is responsible for the accompanying financial statements of Art of Recycle (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. We have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were required to perform any procedures to verify the accuracy or completeness of the information provided by management. We do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Management has elected to omit substantially all disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Organization's financial position, changes in net assets, and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. The Organization has suffered recurring losses from operations, has a net capital deficiency, and has stated that substantial doubt exists about the Organization's ability to continue as a going concern. Management continues to evaluate events and conditions and has plans regarding these matters. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our conclusion is not modified with respect to this matter.

A handwritten signature in cursive script that reads 'Bee Bergvall & Co.'.

Bee, Bergvall and Company, P.C.
Certified Public Accountants

Warrington, PA
April 1, 2024

ART OF RECYCLE

Statements of Financial Position

December 31, 2022

	<u>2022</u>
Current Assets	
Cash and cash equivalents	\$ 25,232
Inventory	34,935
Prepaid expenses	9,561
Security deposits	<u>5,106</u>
Total Current Assets	<u>74,834</u>
Property and Equipment	
Furnishings and equipment	112,620
Transportation equipment	99,423
Less accumulated depreciation	<u>(79,072)</u>
Total Property and Equipment	<u>132,971</u>
Other Assets	
Leasehold Right of Use	<u>551,527</u>
Total Other Assets	<u>551,527</u>
 TOTAL ASSETS	 <u><u>\$ 759,332</u></u>

See accompanying notes and independent accountants' compilation report

ART OF RECYCLE

Statement of Financial Position

December 31, 2022

TOTAL LIABILITIES AND NET ASSETS

Current Liabilities

Accounts payable	\$ 325
Credit card payable	5,883
Gift certificates outstanding	41
Payroll taxes accrued and payable	1,220
Wages accrued	33,054
Sales tax payable	868
Current portion of long-term debt	<u>36,579</u>
Total Current Liabilities	<u>77,970</u>

Long-Term Liabilities

Lease liability	529,790
Notes payable - net of current portion	<u>521,858</u>
Total Liabilities	<u>1,129,618</u>

Net Assets

Without Donor Restrictions (Restated)	<u>(370,286)</u>
Total Net Assets	<u>(370,286)</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 759,332</u></u>
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See accompanying notes and independent accountants' compilation report

ART OF RECYCLE

Statement of Activities

For the Year Ended December 31, 2022

	<u>Total</u>
Revenues	
Contributions	\$ 10,430
Grants	8,671
In kind contributions	186,494
Art program income	1,615
Workshop income	1,682
Interest and Dividends	137
Miscellaneous income	<u>376</u>
Total Revenues	<u>209,405</u>
Expenses	
Program	429,339
General and administrative	42,042
Fundraising	<u>4,708</u>
Total Expenses	<u>476,089</u>
Loss from theft	<u>200,000</u>
Change in Net Assets	(466,684)
Net Assets, Beginning (Restated)	<u>96,398</u>
Net Assets, Ending	<u><u>\$ (370,286)</u></u>

See accompanying notes and independent accountants' compilation report

ART OF RECYCLE

Statement of Functional Expenses

For the Year Ended December 31, 2022

	<u>Community Arts Center</u>	<u>Creative Workshops</u>	<u>Art is a Necessity</u>	<u>Total Program</u>
Expenses				
Accounting and legal	\$ 54	\$ -	\$ -	\$ 54
Advertising	2,242	-	50	2,292
Business registration fees	250	-	-	250
Credit card fees	2,706	-	-	2,706
Depreciation	26,814	-	-	26,814
Equipment rental and maintenance	302	-	-	302
Information technology	7,164	23	72	7,259
Insurance	2,027	-	-	2,027
Interest	1,517	-	-	1,517
Miscellaneous expenses	704	-	-	704
Payroll	147,217	14,630	19,209	181,056
Payroll taxes	10,045	782	1,412	12,239
Postage and office supplies	1,338	-	-	1,338
Rent	70,099	21,045	7,608	98,752
Staff development	1,905	-	30	1,935
Supplies	8,332	673	3	9,008
Telephone	6,753	493	555	7,801
Travel	9,369	-	-	9,369
Utilities	12,722	7,830	1,704	22,256
Worker's compensation insurance	655	-	-	655
Contributed non-financial assets	41,005	-	-	41,005
Total Expenses	<u>\$ 353,220</u>	<u>\$ 45,476</u>	<u>\$ 30,643</u>	<u>\$ 429,339</u>

See accompanying notes and independent accountants' compilation report

ART OF RECYCLE

Statement of Functional Expenses

For the Year Ended December 31, 2022

	General & <u>Administrative</u>	<u>Fundraising</u>	2022 <u>Total</u>
Expenses			
Accounting and legal	\$ 11,155	\$ -	\$ 11,209
Advertising	119	66	2,477
Business registration fees	3,949	250	4,449
Credit card fees	-	-	2,706
Depreciation	-	-	26,814
Equipment rental and maintenance	8	-	310
Information technology	4,135	126	11,520
Insurance	-	-	2,027
Interest	10,412	-	11,929
Miscellaneous expenses	-	-	704
Payroll	2,109	4,266	187,431
Payroll taxes	2,157	-	14,396
Postage and office supplies	32	-	1,370
Rent	7,651	-	106,403
Staff development	-	-	1,935
Supplies	-	-	9,008
Telephone	251	-	8,052
Travel	64	-	9,433
Utilities	-	-	22,256
Worker's compensation insurance	-	-	655
Contributed non-financial assets	-	-	41,005
Total Expenses	<u>\$ 42,042</u>	<u>\$ 4,708</u>	<u>\$ 476,089</u>

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ART OF RECYCLE

Statement of Cash Flows

For the Year Ended December 31, 2022

	<u>2022</u>
Cash Flows from Operating Activities	
Change in net assets	\$ (466,684)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation expense	26,814
Theft loss	200,000
Accrued interest	
(Increase) decrease in operating assets:	
Inventory	(2,310)
Leasehold Right of Use	(21,737)
Increase (decrease) in operating liabilities:	
Accounts payable	168
Credit card payable	2,300
Gift certificates outstanding	(319)
Payroll taxes accrued and payable	(1,990)
Wages accrued	26,935
Sales tax payable	(1,180)
Net cash provided by (used in) operating activities	<u>(238,003)</u>
Cash Flows from Investing Activities	
Purchase of equipment	<u>(49,368)</u>
Net cash provided by (used in) investing activities	<u>(49,368)</u>
Cash Flows from Financing Activities	
Proceeds from new borrowing	240,515
Payment on debt	<u>(15,933)</u>
Net cash provided by (used in) operating activities	<u>224,582</u>
Net Increase (decrease) in Cash and Cash Equivalents	(62,789)
Cash and Cash Equivalents, Beginning of Year	<u>88,021</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 25,232</u></u>
Interest paid	<u><u>\$ 11,929</u></u>

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