
ZACCHO SF

FINANCIAL STATEMENTS

December 31, 2023

(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2022)

CROSBY & KANEDA

Certified Public Accountants
for Nonprofit Organizations

ZACCHO SF

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Zaccho SF
San Francisco, California

Opinion

We have audited the accompanying financial statements of Zaccho SF(the Organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities, cash flows and functional expenses, 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 Zaccho SF as of December 31, 2023, and the changes in 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 Organization 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.

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 Organization'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 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 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, including omissions, 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 Organization'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 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.

Report on Summarized Comparative Information

The accompanying summarized comparative information as of and for the year ended December 31, 2022 is derived from financials that were previously reviewed by us and we stated that we were not aware of any material modifications that should be made to those financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America in our report dated May 10, 2023. A review is substantially less in scope than an audit and does not provide a basis for the expression of an opinion on the financial statements as a whole. We have not performed procedures in connection with that review engagement since that date.

Crosby + Kaneda CPAs LLP
Alameda, California
August 28, 2024

ZACCHO SF

Statement of Financial Position
December 31, 2023
(With Comparative Totals as of December 31, 2022)

	2023 (Audited)	2022 (Reviewed)
Assets		
Assets		
Cash and cash equivalents	545,945	455,770
Government receivables	72,537	67,883
Contribution receivables	-	30,000
Account receivables	1,210	1,100
Property and equipment, net (Note 3)	6,846	3,298
Operating lease, right-of-use asset	29,382	4,359
Prepaid expenses and deposits	8,019	7,894
Total Assets	<u>\$ 663,939</u>	<u>\$ 570,304</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	5,336	5,307
Accrued vacation	8,113	13,190
Deferred revenue	90,000	37,500
Operating lease liability (Note 5)	29,532	4,359
Total Liabilities	<u>132,981</u>	<u>60,356</u>
Net Assets		
Without donor restrictions (Note 6)	472,423	414,604
With donor restrictions (Note 7)	58,535	95,344
Total Net Assets	<u>530,958</u>	<u>509,948</u>
Total Liabilities and Net Assets	<u>\$ 663,939</u>	<u>\$ 570,304</u>

See Notes to the Financial Statements

ZACCHO SF

Statement of Activities
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023 (Audited)	2022 (Reviewed)
Support and Revenue				
Support				
Government awards	\$ 447,020	\$	\$ 447,020	\$ 601,152
Foundation and corporate	37,066	73,500	110,566	156,200
Individual donations	41,094	10,196	51,290	66,088
Total Support	<u>525,180</u>	<u>83,696</u>	<u>608,876</u>	<u>823,440</u>
Revenue				
Performance fees and admissions	5,300		5,300	85,528
Commissions and contracts	120,000		120,000	20,799
Rent	17,717		17,717	17,694
Interest and other activity	10,151		10,151	4,165
Total Revenue	<u>153,168</u>	<u>-</u>	<u>153,168</u>	<u>128,186</u>
Support provided by expiring time and purpose restrictions	<u>120,505</u>	<u>(120,505)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	<u>798,853</u>	<u>(36,809)</u>	<u>762,044</u>	<u>951,626</u>
Expenses				
Program	616,783		616,783	792,727
Management and general	86,960		86,960	79,758
Fundraising	37,291		37,291	36,738
Total Expenses	<u>741,034</u>	<u>-</u>	<u>741,034</u>	<u>909,223</u>
Change in net assets	57,819	(36,809)	21,010	42,403
Net Assets, beginning of year, restated (Note 9)	<u>414,604</u>	<u>95,344</u>	<u>509,948</u>	<u>467,545</u>
Net Assets, end of year	<u>\$ 472,423</u>	<u>\$ 58,535</u>	<u>\$ 530,958</u>	<u>\$ 509,948</u>

See Notes to the Financial Statements

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Statement of Cash Flows For the Year Ended December 31, 2023 (With Comparative Totals for the Year Ended December 31, 2022)

	2023 (Audited)	2022 (Reviewed)
Cash flows from operating activities:		
Change in net assets	\$ 21,010	\$ 42,403
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	1,752	1,712
Gain on disposition	-	(1,205)
Changes in assets and liabilities:		
Government receivables	(4,654)	(29,379)
Contribution receivables	30,000	(1,738)
Account receivables	(110)	
Prepaid expenses and deposits	(125)	(3,331)
Operating lease assets and liabilities, net	150	-
Accounts payable and accrued expenses	29	3,817
Accrued vacation	(5,077)	4,923
Deferred revenue	52,500	(2,800)
Net cash provided (used) by operating activities	95,475	14,402
Cash flows from investing activities:		
Disposal of property and equipment	-	3,800
Purchase of property and equipment	(5,300)	-
Net cash provided (used) by investing activities	(5,300)	3,800
Net change in cash and cash equivalents	90,175	18,202
Cash and cash equivalents, beginning of year	455,770	437,568
Cash and cash equivalents, end of year	\$ 545,945	\$ 455,770
Supplemental Information		
Right-of-use assets obtained in exchange for lease liabilities	\$ 30,768	\$ -
Cash paid for operating lease - storage unit	\$ 1,578	\$ -

See Notes to the Financial Statements

ZACCHO SF

**Statement of Functional Expenses
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)**

	Program	Management and General	Fundraising	Total	
				2023 (Audited)	2022 (Reviewed)
Salaries	\$ 282,877	\$ 37,694	\$ 18,309	\$ 338,880	\$ 408,314
Benefits	35,906	8,760	4,375	49,041	39,517
Payroll taxes	23,960	3,281	1,597	28,838	40,761
Total Personnel	<u>342,743</u>	<u>49,735</u>	<u>24,281</u>	<u>416,759</u>	<u>488,592</u>
Grants	21,715	-	-	21,715	-
Advertising and promotion	6,805	-	72	6,877	12,841
Fees for services	110,404	29,779	12,586	152,769	205,381
Information technology	1,187	418	-	1,605	1,707
Office expenses	67,655	1,248	102	69,005	126,755
Occupancy	46,527	1,634	250	48,411	47,507
Travel and meals	10,884	-	-	10,884	13,475
Depreciation	753	999	-	1,752	1,712
Insurance	7,338	3,145	-	10,483	10,469
Other	772	2	-	774	784
Total Expenses	<u>\$ 616,783</u>	<u>\$ 86,960</u>	<u>\$ 37,291</u>	<u>\$ 741,034</u>	<u>\$ 909,223</u>

See Notes to the Financial Statements

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Notes to the Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for the Year Ended December 31, 2022)

NOTE 1: NATURE OF ACTIVITIES

Zaccho SF (the Organization) is a California nonprofit public benefit corporation, which was formed in San Francisco County in 1981. The Organization advances the aerial arts and site-specific dance through arts education, youth programming, and the creation of innovative performance works which explore history and the concept of place.

Performances

The Organization specializes in the production of aerial choreography and site-specific work on multiple scales. Led by Artistic Director Joanna Haigood, our performance work often draws inspiration from social histories and racial justice themes, including race and identity; the legacy of the American slave trade; and the dreams and aspirations of Bayview residents facing regentrification.

Youth Performing Arts Program

For over 30 years the Organization has offered the Youth Performing Arts Program (YPAP) in collaboration with San Francisco Unified School District. YPAP was created to integrate work with the life experiences and possibilities of our young Bayview Hunters Point neighbors. YPAP serves 100-150 public school children annually (ages 7-17) by offering free, standards-based in-school and after-school classes and performance opportunities.

Artist in Residence Programs

The Organization offers three distinct Artist in Residence (AiR) programs for the Bay Area dance and performing arts community at the Zaccho Studio in Bayview Hunters Point. The Zaccho Studio AiR Program supports contemporary dance, aerial dance, circus art, and theater artists with discounted space and marketing support. Black Futures and the Hip Hop Artist Residency & Training (HART) programs provide financial and production support, free studio time, mentorship, and performance opportunities to Bay Area Black performing artists.

San Francisco Aerial Arts Festival

This biennial festival is devoted to aerial artistry in all its shapes & forms. We bring together performers and practitioners working today and showcase their artistry as it is rarely seen; side-by-side in a multi-faceted, site-specific celebration presented against the backdrop of a major historic & cultural facility, the Fort Mason Center for Arts & Culture.

NOTE 2: SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net assets without donor restrictions – are resources available to support operations. The only limits on the use of the net assets are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its

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Notes to the Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for the Year Ended December 31, 2022)

application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restriction – are resources that are restricted by a donor for use for a particular purpose or in a particular period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor’s instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; there were no restrictions of this nature as of December 31, 2023.

The Organization’s unspent contributions are included in this class if the donor limited their use.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor-imposed restrictions. Net assets restricted for acquisition of building or equipment (or less commonly, the contribution of those net assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Accounting for Revenue

The Organization recognizes revenue as performance obligations are satisfied. Revenue is recognized over time for cost reimbursement contracts as eligible expenses are incurred if other conditions of the contract are satisfied. Revenue from agreements that include milestones and milestone payments are recognized over time as milestones are reached. Revenue from agreements based on hourly rates is recognized over time as time is expended if the Organization expects it will have an enforceable right to payment for such amounts. Revenue is recognized based on estimated progress towards complete satisfaction of the performance obligation if the Organization can reasonably measure such progress. If the Organization’s efforts are expended evenly throughout the performance period, the Organization may recognize revenue on a straight-line basis over such a period. Revenue is recognized at a point in time when goods or services are provided to customers and the Organization is not required to provide additional goods or services or if the above criteria are not met. As a practical expedient the Organization disregards the effects of potential financing components if the period between payment and performance is one year or less. All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless related to a donor specified restriction for a particular purpose or future period.

Commissions, Performance Fees and Admissions

The Organization generally contracts with third party vendors for ticket sales. The Organization recognizes revenue related to ticket sales in the period in which the related performances occur. This aligns with the timing of third-party box-office remittance of payment. In the case of commissions and other contracts, the Organization generally bills based on contract terms on a net 30 basis. Revenue is recognized as the related elements of the agreement are complete with the final 50% being due upon completion of the agreement.

Rent Income

The Organization recognized rental income in the period in which it occurs. The Organization invoices renters at the end of each month based on contracts and data entry maintained by the Studio

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Notes to the Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for the Year Ended December 31, 2022)

Manager. The Organization may on occasion rent space through a third party, such payments are generally due within 7 days of the end of the related use of the space. The Organization recognizes such income upon receipt.

Accounts Receivable

Accounts receivable are primarily unsecured non-interest bearing amounts due from grantors on cost reimbursement or performance grants and customers on performance contracts. The Organization considers all accounts receivable to be fully collectible at December 31, 2023. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Accounting for Contributions

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in net assets without donor restrictions unless the contributed assets are specifically restricted by the donor. Amounts received that are restricted by the donor to use in future periods or for specific purposes are reported as increases in net assets with donor restrictions. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as restricted until payment is due, unless the contribution is clearly intended to support activities of the current fiscal year. Conditional promises are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Contributions Receivable

Contributions receivable including pledges and grants receivable are unconditional promises to give that are recognized as contributions when the promise is received. Contributions receivable that are expected to be collected in less than one year are reported at net realizable value. Contributions receivable that are expected to be collected in more than one year are recorded at fair value at the date of promise. That fair value is computed using a present value technique applied to anticipated cash flows. The Organization has evaluated the value of the discount and concluded that it was not material for recognition. The Organization considers all contributions receivable to be fully collectible at December 31, 2023. Accordingly, no allowance for doubtful accounts was deemed necessary. If amounts become uncollectible, they are charged to expense in the period in which that determination is made.

Government Support and Receivables

A portion of the Organization's revenue is derived from cost-based agreements with governmental funders which are conditioned upon performance requirements and/or the incurrence of allowable qualifying expenses. The support from these agreements is classified as conditional and revenue and related receivables are recognized as the Organization incurs eligible expenditures. Funds received in advance of expenditure are reported as deferred revenue. The Organization had cost-reimbursable grants of approximately \$508,000 that have not been recognized as of December 31, 2023 because qualifying expenditures have not yet been incurred or other conditions have not been met. The Organization expects to meet the related conditions of such funding over the next four years.

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Notes to the Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for the Year Ended December 31, 2022)

Income Taxes

The Internal Revenue Service and the California Franchise Tax Board have determined that the Organization is exempt from federal and state income taxes under IRC 501(c)(3) and California RTC 23701(d). The Organization has evaluated its current tax positions as of December 31, 2023 and is not aware of any significant uncertain tax positions for which a reserve would be necessary. The Organization's tax returns are generally subject to examination by federal and state taxing authorities for three and four years, respectively, after they are filed.

Contributed Services

Contributed services are reflected in the financial statements at the fair value of the services received only 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 Organization.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all money market funds and other highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Fair Value Measurements

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 the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Organization determines the fair value of its assets and liabilities based on a fair value hierarchy that includes three levels of inputs that may be used to measure fair value. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 2 inputs are inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs for the assets or liability. The Organization had no assets or liabilities recorded at fair value on December 31, 2023.

Property and Equipment

All acquisitions of property and equipment in excess of \$5,000 and all expenditures for repairs and maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives on the property and equipment, or the related lease terms as follows:

Furniture and equipment	3-7 years
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Notes to the Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for the Year Ended December 31, 2022)

Management reviews long-lived assets for impairment when circumstances indicate the carrying amount of the asset may not be recoverable.

Leases

The Organization evaluates all contracts to determine if they contain a lease. For leases with terms greater than 12 months, the Organization records a right-of-use asset and lease obligation at the present value of lease payments over the term of the lease. The Organization expenses total lease costs on a straight-line basis over the related lease term. The Organization has elected to exclude leases that (a) have a lease term of 12 months or less and (b) do not contain a reasonably certain purchase option. The Organization has elected to combine non-lease components with related lease components unless non-lease components are billed separately. As the Organization's leases do not generally provide a readily determinable implicit interest rate, the Organization uses the risk-free rate commensurate with the respective terms of the leases to discount the lease payments.

Deferred Revenue

Deferred revenue consisted of conditional funds received from government funders prior to satisfaction of the related conditions for recognition.

Expense Recognition and Allocation

The cost of providing the organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefited using a reasonable allocation method that is consistently applied, as follows:

Salaries and wages, benefits, and payroll taxes are allocated based on their estimates of time spent in each functional area/department.

Occupancy is allocated based on an estimate of square footage.

Management and general activities include the functions necessary to provide support for the organization's program activities. They include activities that provide governance (Board of Directors), oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and an equitable employment program.

Fundraising activities include publicizing and conducting fundraising campaigns; maintaining donor lists; conducting special fundraising events; and other activities involved with soliciting contributions from corporations, foundations, individuals, and others.

Fundraising costs are expensed as incurred, even though they may result in contributions received in future years. The organization generally does not conduct its fundraising activities in conjunction with its other activities. In the few cases in which it does, such as when the annual report or donor acknowledgements contain requests for contributions, joint costs have been allocated between fundraising and general and administrative expenses in accordance with standards for accounting for costs of activities that include fundraising. Additionally, advertising costs are expensed as incurred.

All expenses and net losses are reported as decreases in net assets without donor restrictions.

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Notes to the Financial Statements For the Year Ended December 31, 2023 (With Comparative Totals for the Year Ended December 31, 2022)

Prior Year Summarized Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Reclassifications

Certain accounts in the prior year's summarized information have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

Recent Accounting Pronouncements

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which replaces the probable incurred loss impairment methodology in current GAAP with a methodology that reflects expected credit losses on financial instruments and other commitments to extend credit. In November 2019, the FASB issued ASU No. 2019-10 which delayed the effective date of ASU No. 2016-13. The adoption of this update did not have a material impact on the Organization's financial statements.

Subsequent Events

The Organization has evaluated subsequent events and has concluded that as of August 28, 2024, the date that the financial statements were available to be issued, there were no significant subsequent events to disclose.

NOTE 3: PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	<u>2023</u> <u>(Audited)</u>	<u>2022</u> <u>(Reviewed)</u>
Furniture and equipment	\$ 30,073	\$ 24,773
Less accumulated depreciation	<u>(23,227)</u>	<u>(21,475)</u>
Total	<u>\$ 6,846</u>	<u>\$ 3,298</u>

NOTE 4: CONTINGENCIES

Compliance with Donor Restrictions

Government and general grant awards require the fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of the funds to the grantors. The Organization's management is of the opinion that the Organization has complied with the terms of all grants.

NOTE 5: OPERATING LEASE LIABILITY

The Organization is party to a non-cancelable lease for a storage space, located in San Francisco, California with various expiration dates through September 30, 2028. The Organization will make monthly lease payments of \$526 over the lease term. The Organization uses a risk-free rate of 4.5% as its discount rate in order to determine present value. The following is a schedule by years of

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**Notes to the Financial Statements
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)**

minimum future payments due under this lease. Total minimum payments on this lease were as follows for the year ended December 31, 2023:

2024	\$ 6,385
2025	6,685
2026	6,985
2027	7,285
2028	5,633
Less amounts representing interest	<u>(3,441)</u>
Total	<u>\$ 29,532</u>
Weighted-average remaining lease term – operating leases	4.75 years

Operating lease cost for the year ended December 31, 2023 was \$36,979 which included amounts due under a month-to-month lease.

NOTE 6: NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions were available as follows as of December 31:

	<u>2023</u> <u>(Audited)</u>	<u>2022</u> <u>(Reviewed)</u>
Board designated	\$ 115,000	\$ 100,000
Unrestricted	<u>357,423</u>	<u>314,604</u>
Total	<u>\$ 472,423</u>	<u>\$ 414,604</u>

NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were available as follows as of December 31:

	<u>2023</u> <u>(Audited)</u>	<u>2022</u> <u>(Reviewed)</u>
Arts education	\$ 30,000	\$ 30,000
Performance	3,035	-
Ashland Aerial Arts	-	15,650
Future operations	<u>25,500</u>	<u>49,694</u>
Total	<u>\$ 58,535</u>	<u>\$ 95,344</u>

NOTE 8: CONCENTRATIONS

Revenue and Receivables

During the year ended December 31, 2023, the Organization received approximately 60% of its revenue from two government funders – City and County of San Francisco and the State of California. A reduction in the level of this support, if that were to occur, may have an effect on the Organization’s program and activities.

Concentration of Credit Risk

The Organization had approximately \$38,000 of deposits in excess of federally insured limits as of December 31, 2023.

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**Notes to the Financial Statements
For the Year Ended December 31, 2023
(With Comparative Totals for the Year Ended December 31, 2022)**

NOTE 9: PRIOR PERIOD ADJUSTMENT

As a result of the audit process, net assets without donor restriction were increased by \$32,710 as of December 31, 2022, due to an increase in prepaid expenses by \$3,331 and government receivables by \$29,379. The summarized comparative financials for the year ended December 31, 2022, reflect a corresponding decrease in expenses of \$3,331 and an increase in government revenue of \$29,379 as a result of this change.

NOTE 10: LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of December 31, 2023 are:

Cash and cash equivalents	\$ 545,945
Government receivables	72,537
Account receivables	1,210
Less: Board designated reserve	(115,000)
Less: Purpose-restricted net assets	<u>(33,035)</u>
Total	<u>\$ 471,657</u>

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in cash and cash equivalents.