



Pamoja Art Society

COMPILED FINANCIAL STATEMENTS

June 30, 2023



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REPORT





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To the Board of Directors
Pamoja Art Society
Shreveport, Louisiana

Management is responsible for the accompanying financial statements of Pamoja Art Society (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements 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 we 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.

As discussed in Note 2 to the financial statements, in 2023, Pamoja Art Society adopted FASB ASC 842, *Leases*.

The supplementary information contained in the Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management. The supplementary information was subject to our compilation engagement. We have not audited or reviewed the supplementary information and do not express an opinion, a conclusion, nor provide any assurance on such information.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Shreveport, Louisiana
January 3, 2024



FINANCIAL STATEMENTS



Pamoja Art Society
Statement of Financial Position

<i>June 30,</i>	2023
Assets	
Current assets	
Cash	\$ 16,358
Accounts receivable, net	6,657
Total current assets	23,015
Non-current assets	
Collections	6,600
Property and equipment, net	114,617
Operating lease right-of-use assets, net	122,437
Total non-current assets	243,654
Total assets	\$ 266,669
Liabilities and Net Assets	
Current liabilities	
Line of credit	\$ 39,774
Current portion of operating lease liabilities	7,747
Total current liabilities	47,521
Operating lease liabilities, less current portion	114,690
Total liabilities	162,211
Net assets	
Without donor restrictions	104,458
With donor restrictions	-
Total net assets	104,458
Total liabilities and net assets	\$ 266,669

See accompanying notes to the financial statements and accountants' compilation report.

Pamoja Art Society
Statement of Activities

<i>For the Year Ended June 30, 2023</i>	Without donor restrictions	With donor restrictions	Total
Revenue and other support			
State sales tax appropriations	\$ 75,771	\$ -	\$ 75,771
Grants	25,300	-	25,300
Other	825	-	825
Total revenue and other support	101,896	-	101,896
Expenses			
<i>Program services</i>			
Artist and instructor fees	6,075	-	6,075
Depreciation	4,466	-	4,466
Equipment and supplies	927	-	927
Telephone	5,401	-	5,401
Utilities	7,603	-	7,603
Building lease	10,000	-	10,000
Total program services	34,472	-	34,472
<i>Supporting services</i>			
General and administrative			
Accounting services	5,575	-	5,575
Depreciation	7,467	-	7,467
Contract labor	10,625	-	10,625
Executive director compensation	32,000	-	32,000
Insurance	5,358	-	5,358
Interest	2,574	-	2,574
Repairs and maintenance	20,133	-	20,133
Other	7,964	-	7,964
Total supporting services	91,696	-	91,696
Total expenses	126,168	-	126,168
Change in net assets	(24,272)	-	(24,272)
Net assets at beginning of year	128,730	-	128,730
Net assets at end of year	\$ 104,458	\$ -	\$ 104,458

See accompanying notes to the financial statements and accountants' compilation report.

Pamoja Art Society
Statement of Cash Flows

<i>For the Year Ended June 30,</i>	2023
Operating Activities	
Change in net assets	\$ (24,272)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities	
Depreciation	11,933
Amortization of right-of-use assets	7,607
Changes in operating assets and liabilities	
Accounts receivable, net	1,476
Operating lease liabilities	(7,607)
Net cash provided by (used in) operating activities	(10,863)
Investing Activities	
Purchase of property and equipment	(3,671)
Net cash provided by (used in) investing activities	(3,671)
Net change in cash	(14,534)
Cash at beginning of year	30,892
Cash at end of year	\$ 16,358
Schedule of Certain Cash Flow Information	
Cash paid for interest	\$ 2,574

See accompanying notes to the financial statements and accountants' compilation report.

Pamoja Art Society

Notes to the Financial Statements

Note 1: DESCRIPTION OF THE ORGANIZATION

Pamoja Art Society (Pamoja) is a not-for-profit organization whose principal purpose is the promotion of African-American Art. Pamoja began operations in November 1977 and serves the greater Shreveport-Bossier Area.

Pamoja receives annual sales tax appropriations from the State of Louisiana for African-American cultural activities in Shreveport. For the year ended June 30, 2023, sales tax appropriation revenue recognized was \$75,771. Pamoja relies upon this funding for its continued operations.

Note 2: SUMMARY OF 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 (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Use of Estimates

The preparation of U.S. GAAP financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and changes therein, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. Estimates that are particularly susceptible to significant change in the near term are related to the allowance for doubtful accounts.

Cash and Cash Equivalents

Cash and cash equivalents include cash and all highly liquid investments with an original maturity of 90 days or less. At June 30, 2023, Pamoja had no cash equivalents.

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. Pamoja provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of grantors and patrons to meet their obligations. Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is Pamoja's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. In the absence of donor stipulations to the contrary, promises with payments due in future periods are restricted to use after the due date. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Collections

Pamoja capitalizes works of art at cost. Due to the longevity of this asset class, depreciation is not taken.

Property and Equipment

All acquisitions of property and equipment in excess of \$500 and all expenditures for maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Repairs and maintenance are expensed as incurred. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Leases

Pamoja has an operating lease for office space. Pamoja determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term and lease liabilities represent the obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, Pamoja uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

Pamoja reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions 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 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 restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

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 restrictions.

Revenue Recognition

A significant portion of Pamoja's grants and contracts are from government agencies. The benefits received by the public as a result of the assets transferred is not equivalent to commensurate value received by the government agencies and are therefore not considered exchange transactions. Grants and contracts are analyzed for measurable performance-related barriers or other barriers. Revenue is recognized as barriers are met. Funds received from non-exchange transactions in advance of barriers being met are recorded as refundable advances.

Contributions are recognized when cash, other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly removed the conditions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Assets

Noncash donations are recorded as contributions at their fair values at the date of donation.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Services

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 Pamoja. Volunteers also provided fund-raising services throughout the year that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Functional Allocation of Expenses

Directly identifiable expenses are charged to program and supporting services. Expenses related to artist and instructor fees and contract labor are allocated based on actual percentages of time spent in each functional area. Depreciation and rent are allocated based on the use of the related assets.

Income Taxes

Pamoja is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Pamoja is also exempt from Louisiana state income taxes. However, income, if any, from certain activities not directly related to the Pamoja's tax exempt purpose is subject to taxation as unrelated business income. For the year ended June 30, 2023, Pamoja had no unrelated business income.

Pamoja utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more-likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of June 30, 2023, Pamoja has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, January 3, 2024, and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

Note 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Guidance

In February 2016, the Financial Accounting Standards Board (FASB) issued guidance (Accounting Standards Codification 842, *Leases*) to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

Pamoja adopted the standard effective July 1, 2022, and recognized and measured leases existing at or entered into after, July 1, 2022, the beginning of the period of adoption, using a modified retrospective approach, with certain practical expedients available. Pamoja elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, Pamoja recognized on July 1, 2022, the beginning of the year of adoption, a lease liability of \$130,044, which represents the present value of the remaining operating lease payments of \$150,000, discounted using a risk-free rate of 1.84%, and a right-of-use asset of \$130,044. No adjustment to net assets was necessary upon adoption of the new lease accounting guidance. The standard had a material impact on Pamoja's statement of financial position, but did not have an impact on the statement of activities nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for operating leases.

Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Pamoja maintains its financial assets primarily in cash and accounts receivable to provide liquidity to ensure funds are available as expenditures come due. The following reflects Pamoja's financial assets as of the statement of financial position date that could readily be made available within one year of the statement of financial position to fund expenditures without limitation.

<i>June 30,</i>	2023
Cash	\$ 16,358
Accounts receivable, net	6,657
Financial assets available within one year	\$ 23,015

Pamoja Art Society
Notes to the Financial Statements

Note 3: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

Pamoja typically receives notification its annual State of Louisiana sales tax appropriations in the 1st quarter of each fiscal year. Expenditures are generally deferred until notification of the tax appropriations is received to ensure funding is available to meet operating needs.

Note 4: ACCOUNTS RECEIVABLE

Accounts receivable consist of the following:

<i>June 30,</i>	2023
State of Louisiana sales tax appropriations	\$ 6,657
Less allowance for doubtful accounts	-
Accounts receivable, net	\$ 6,657

Bad debt expense totaled \$-0- for the year ended June 30, 2023.

Note 5: PROPERTY AND EQUIPMENT

The components of property and equipment are as follows:

<i>June 30,</i>	Estimated Useful Lives (in years)	2023
Building	40	\$ 4,000
Building improvements	10 - 20	165,773
Furniture and equipment	3 - 5	23,002
Total property and equipment		192,775
Less accumulated depreciation		(78,158)
Property and equipment, net		\$ 114,617

Depreciation expense for the year ended June 30, 2023, was \$11,933.

Pamoja Art Society
Notes to the Financial Statements

Note 6: LEASES

Pamoja leases its office facility from a related party under a twenty-one year operating lease which began on July 1, 2016. Operating lease expense for the year ended June 30, 2023 was \$10,000.

The weighted average remaining lease term and discount rate consist of the following:

<i>For the year ended June 30,</i>	2023
Weighted average remaining lease term	
Operating leases	14 years
Weighted average discount rate	
Operating leases	1.84%

Future minimum lease payments under non-cancellable leases as of June 30, 2023, were as follows

<i>For the years ending June 30,</i>	Operating Leases
2024	\$ 10,000
2025	10,000
2026	10,000
2027	10,000
2028	10,000
Thereafter	90,000
Total future minimum lease payments	140,000
Less imputed interest	(17,563)
Present value of lease liabilities	\$ 122,437

Note 7: LINE OF CREDIT

Pamoja has an available line of credit with BOM Bank for any amount up to \$40,000 at June 30, 2023. The line of credit is secured by the building located at 1960 Anna Street, Shreveport, LA. The building has a net book value of \$109,918 at June 30, 2023. Draws on the line of credit bear interest at 0.25% above the Wall Street Journal prime rate (8.50% as of June 30, 2023). Pamoja was obligated for \$39,774 at June 30, 2023. Subsequent to year end, BOM Bank provided Pamoja with an extension stating that the expiration date of the line of credit that matures on September 14, 2023 is extended to September 14, 2024. Interest expense related to the line of credit was \$2,574 for the year ended June 30, 2023.

Pamoja Art Society
Notes to the Financial Statements

Note 8: NET ASSETS

A summary of net assets without donor restrictions follows:

<i>June 30,</i>	2023
Undesignated	\$ (16,759)
Invested in collections	6,600
Invested in property and equipment	114,617
<hr/>	
Total net assets without donor restrictions	\$ 104,458

Note 9: CONCENTRATIONS

Pamoja's cash consists of deposits at a financial institution. The balance at the financial institution is insured by the FDIC up to \$250,000. At June 30, 2023, the cash balances were fully insured.

For the year ended June 30, 2023, approximately 90% of Pamoja's revenue was from two funding sources as follows: 74% from the State of Louisiana sale tax appropriations and 16% from the Black Cultural Arts Coalition. The current level of Pamoja's operations and program services may be impacted if the funding is not renewed.

Note 10: CONTINGENCIES

Grants require the fulfillment of certain conditions as set forth in the grant contracts. Failure to fulfill the requisite conditions could result in the return of grant funds to the grantor. In the opinion of management, such disallowances, if any, would be immaterial.

Note 11: RELATED PARTIES

For the year ended June 30, 2023, Pamoja paid members of its executive board and other related parties a total of \$10,000 for program services and \$41,450 for supporting services performed. Included in program services expenses paid to related parties is \$10,000 in rent as disclosed in Note 6 above.



SUPPLEMENTARY INFORMATION



Pamoja Art Society
Schedule of Compensation, Benefits, and Other Payments to Agency Head
For the Year Ended June 30, 2023

Agency Head Name: Frenchie Evans, Executive Director

Purpose	Amount
Compensation	\$ 32,000
Bonus	\$ -
Benefits - insurance	\$ -
Benefits - retirement	\$ -
Benefits - other	\$ -
Car allowance	\$ -
Per diem	\$ -
Reimbursements	\$ -
Travel	\$ -
Registration fees	\$ -
Conference travel	\$ -
Continuing professional education fees	\$ -
Housing	\$ -
Unvouchered expenses	\$ -
Special meals	\$ -

See accountants' compilation report.