

**LOWER MANHATTAN
CULTURAL COUNCIL, INC.**

**Financial Statements
for the years ended
June 30, 2025
and
June 30, 2024**

Independent Auditor's Report

To the Board of Directors
Lower Manhattan Cultural Council, Inc.

Opinion

We have audited the accompanying financial statements of Lower Manhattan Cultural Council Inc. ("LMCC"), which comprise the statement of financial position as of June 30, 2025 and June 30, 2024, and the related statements of activities, functional expenses and cash flows for the years 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 LMCC as of June 30, 2025 and June 30, 2024, and the results of its activities, functional expenses and its 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of LMCC and to meet our other ethical responsibilities in accordance with the 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 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 LMCC'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 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 LMCC'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 LMCC'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.

Coulson O'Meara McGinty + Donnelly LLP

LOWER MANHATTAN CULTURAL COUNCIL, INC.

Statement of Financial Position

Assets

	June 30	
	2025	2024
Current assets		
Cash and cash equivalents	\$ 188,194	\$ 179,911
Grants receivable	1,816,815	2,236,947
Prepaid expenses, deposits and other	<u>143,537</u>	<u>70,698</u>
Total current assets	<u>2,148,546</u>	<u>2,487,556</u>
Grants receivable, net of current portion	<u>150,000</u>	<u>724,000</u>
Property and equipment		
Condominium and improvements	4,824,208	4,824,208
Office furniture and equipment	505,406	505,406
Building 110 improvements	<u>5,246,975</u>	<u>5,246,975</u>
Total	10,576,589	10,576,589
Less: accumulated depreciation and amortization	<u>3,518,803</u>	<u>3,235,508</u>
Net property and equipment	<u>7,057,786</u>	<u>7,341,081</u>
Total assets	<u>\$ 9,356,332</u>	<u>\$10,552,637</u>

Liabilities and Net Assets

Current liabilities		
Accounts payable and accrued expenses	\$ 202,628	\$ 489,807
Unearned revenue	30,000	-
Current portion of long-term debt	<u>20,412</u>	<u>19,332</u>
Total current liabilities	253,040	509,139
Long-term debt, net of current portion	<u>1,060,023</u>	<u>1,363,960</u>
Total liabilities	<u>1,313,063</u>	<u>1,873,099</u>
Net assets		
Without donor restrictions	6,581,617	6,915,638
With donor restrictions	<u>1,461,652</u>	<u>1,763,900</u>
Total net assets	<u>8,043,269</u>	<u>8,679,538</u>
Total liabilities and net assets	<u>\$ 9,356,332</u>	<u>\$10,552,637</u>

See notes to financial statements.

LOWER MANHATTAN CULTURAL COUNCIL, INC.

Statement of Activities

Year Ended June 30								
2025			2024					
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions				
				Operating Fund	Board Designated Funds	Total Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue								
Public support								
Federal	\$ 30,000	\$ -	\$ 30,000	\$ 20,000	\$ -	\$ 20,000	\$ -	\$ 20,000
State	75,000	-	75,000	699,000	-	699,000	1,248,000	1,947,000
City	1,884,000	-	1,884,000	1,761,200	-	1,761,200	-	1,761,200
Other	354,000	-	354,000	414,000	-	414,000	-	414,000
Private support								
Corporations	20,000	77,500	97,500	120,006	-	120,006	150,000	270,006
Foundations	587,162	502,000	1,089,162	571,950	-	571,950	177,000	748,950
Individuals	70,863	5,252	76,115	105,389	-	105,389	-	105,389
Program	279,871	-	279,871	77,797	-	77,797	-	77,797
Interest	37	-	37	284	-	284	-	284
Sponsorship	-	-	-	5,000	-	5,000	60,000	65,000
Contributed nonfinancial assets	657,015	-	657,015	396,579	-	396,579	-	396,579
Special events, benefit dinner	549,848	-	549,848	912,018	-	912,018	-	912,018
Net assets released from restrictions	887,000	(887,000)	-	400,750	-	400,750	(400,750)	-
Total support and revenue	5,394,796	(302,248)	5,092,548	5,483,973	-	5,483,973	1,234,250	6,718,223
Expenses								
Program services								
Grants and services	2,857,611	-	2,857,611	2,589,227	-	2,589,227	-	2,589,227
Programs	514,276	-	514,276	1,117,908	-	1,117,908	-	1,117,908
Artist residencies	1,154,302	-	1,154,302	1,228,138	-	1,228,138	-	1,228,138
Total program services	4,526,189	-	4,526,189	4,935,273	-	4,935,273	-	4,935,273
Supporting activities								
Administrative and general	718,497	-	718,497	589,089	-	589,089	-	589,089
Development	254,852	-	254,852	355,892	-	355,892	-	355,892
Special events	229,279	-	229,279	240,488	-	240,488	-	240,488
Total supporting activities	1,202,628	-	1,202,628	1,185,469	-	1,185,469	-	1,185,469
Total expenses	5,728,817	-	5,728,817	6,120,742	-	6,120,742	-	6,120,742
Increase (decrease) in net assets before interfund transfer	(334,021)	(302,248)	(636,269)	(636,769)	-	(636,769)	1,234,250	597,481
Interfund transfer	-	-	-	860,293	(860,293)	-	-	-
Increase (decrease) in net assets	(334,021)	(302,248)	(636,269)	223,524	(860,293)	(636,769)	1,234,250	597,481
Net assets, beginning of year	6,915,638	1,763,900	8,679,538	6,692,114	860,293	7,552,407	529,650	8,082,057
Net assets, end of year	\$ 6,581,617	\$ 1,461,652	\$ 8,043,269	\$ 6,915,638	\$ -	\$ 6,915,638	\$ 1,763,900	\$ 8,679,538

See notes to financial statements.

LOWER MANHATTAN CULTURAL COUNCIL, INC.

Statement of Functional Expenses
for the Year Ended June 30, 2025
(with Comparative Totals for the Year Ended June 30, 2024)

	2025								2024	
	Program Services				Supporting Activities					
	Grants and Services	Programs	Artist Residencies	Total Program Services	Administrative and General	Development	Special Events	Total Supporting Activities	Total All Funds	Total All Funds
Personnel expenses										
Salaries and wages	\$ 273,676	\$ 158,661	\$ 276,833	\$ 709,170	\$ 154,888	\$ 155,348	\$ -	\$ 310,236	\$1,019,406	\$1,250,257
Payroll taxes and employee benefits	60,146	26,427	50,331	136,904	24,323	17,603	-	41,926	178,830	166,612
Other than personnel expenses										
Artist fees	279,025	44,635	40,080	363,740	-	1,200	18,280	19,480	383,220	527,280
Depreciation and amortization	84,989	56,659	84,989	226,637	56,658	-	-	56,658	283,295	288,061
Equipment rental and maintenance	7,768	5,179	8,428	21,375	6,139	-	70,074	76,213	97,588	78,176
Insurance	13,490	8,993	13,490	35,973	8,993	-	-	8,993	44,966	46,528
Interest	29,577	19,718	29,577	78,872	19,718	-	-	19,718	98,590	122,232
Marketing/advertising	2,502	2,728	1,252	6,482	835	-	-	835	7,317	3,711
Meeting costs	8,882	2,589	5,979	17,450	1,475	2,632	462	4,569	22,019	19,901
Other	16,011	6,527	12,258	34,796	5,873	11,868	2,501	20,242	55,038	68,433
Postage	182	75	113	370	75	114	350	539	909	2,000
Printing	849	566	849	2,264	563	728	1,848	3,139	5,403	12,915
Production	7,040	22,050	-	29,090	1,829	-	6,000	7,829	36,919	175,516
Professional fees	128,383	78,449	120,773	327,605	340,447	62,753	7,000	410,200	737,805	558,408
Re-grants	1,775,750	-	-	1,775,750	-	-	-	-	1,775,750	1,676,200
Rent and utilities	108,274	72,183	504,949	685,406	94,708	-	116,226	210,934	896,340	858,133
Supplies	60,131	5,827	3,147	69,105	1,368	2,408	6,006	9,782	78,887	109,770
Travel	936	3,010	1,254	5,200	605	198	532	1,335	6,535	5,621
Uncollectible receivable	-	-	-	-	-	-	-	-	-	150,988
Total	\$2,857,611	\$ 514,276	\$1,154,302	\$4,526,189	\$ 718,497	\$ 254,852	\$ 229,279	\$1,202,628	\$5,728,817	\$6,120,742

See notes to financial statements.

LOWER MANHATTAN CULTURAL COUNCIL, INC.

**Statement of Functional Expenses
for the Year Ended June 30, 2024**

	Program Services				Supporting Activities				
	Grants and Services	Programs	Artist Residencies	Total Program Services	Administrative and General	Development	Special Events	Total Supporting Activities	Total All Funds
Personnel expenses									
Salaries and wages	\$ 252,284	\$ 299,150	\$ 300,774	\$ 852,208	\$ 154,151	\$ 243,898	\$ -	\$ 398,049	\$1,250,257
Payroll taxes and employee benefits	42,289	32,479	40,041	114,809	13,539	38,264	-	51,803	166,612
Other than personnel expenses									
Artist fees	282,550	191,858	30,372	504,780	-	3,600	18,900	22,500	527,280
Depreciation and amortization	83,653	86,188	83,653	253,494	28,806	5,761	-	34,567	288,061
Equipment rental and maintenance	2,640	11,252	5,328	19,220	3,825	-	55,131	58,956	78,176
Insurance	6,651	15,492	13,301	35,444	11,084	-	-	11,084	46,528
Interest	35,496	36,572	35,496	107,564	12,223	2,445	-	14,668	122,232
Marketing/advertising	663	1,076	1,076	2,815	896	-	-	896	3,711
Meeting costs	6,908	4,868	5,957	17,733	1,191	977	-	2,168	19,901
Other	11,640	11,849	13,076	36,565	12,169	13,074	6,625	31,868	68,433
Postage	234	201	376	811	59	1,054	76	1,189	2,000
Printing	1,879	3,138	2,997	8,014	2,497	-	2,404	4,901	12,915
Production	7,170	146,024	6,000	159,194	-	280	16,042	16,322	175,516
Professional fees	65,390	137,681	185,817	388,888	109,270	44,866	15,384	169,520	558,408
Re-grants	1,676,200	-	-	1,676,200	-	-	-	-	1,676,200
Rent and utilities	51,558	105,610	497,577	654,745	85,931	-	117,457	203,388	858,133
Supplies	61,305	31,993	4,775	98,073	2,092	1,647	7,958	11,697	109,770
Travel	717	2,477	1,522	4,716	368	26	511	905	5,621
Uncollectible receivable	-	-	-	-	150,988	-	-	150,988	150,988
Total	\$2,589,227	\$1,117,908	\$1,228,138	\$4,935,273	\$ 589,089	\$ 355,892	\$ 240,488	\$1,185,469	\$6,120,742

See notes to financial statements.

LOWER MANHATTAN CULTURAL COUNCIL, INC.

Statement of Cash Flows

	Year Ended June 30	
	<u>2025</u>	<u>2024</u>
Cash flows from operating activities		
Increase (decrease) in net assets	\$ (636,269)	\$ 597,481
Adjustments to reconcile increase (decrease) in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	283,295	288,061
Amortization of deferred mortgage costs	13,041	13,041
(Increase) decrease in assets		
Grants receivables	994,132	(1,909,514)
Prepaid expenses, deposits and other	(72,839)	5,000
Increase (decrease) in accounts payable and accrued expenses	(287,179)	261,795
Increase in unearned revenue	<u>30,000</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>324,181</u>	<u>(744,136)</u>
Cash flows (used in) investing activities		
Purchases of property and equipment	<u>-</u>	<u>(6,448)</u>
Cash flows from financing activities		
Proceeds from line of credit	200,000	730,235
Repayment of line of credit	(500,000)	(200,000)
Repayments of mortgage note payable	<u>(15,898)</u>	<u>(20,001)</u>
Net cash provided by (used in) financing activities	<u>(315,898)</u>	<u>510,234</u>
Net increase (decrease) in cash and cash equivalents	8,283	(240,350)
Cash and cash equivalents, beginning of year	<u>179,911</u>	<u>420,261</u>
Cash and cash equivalents, end of year	<u>\$ 188,194</u>	<u>\$ 179,911</u>
Supplemental disclosure of cash flows information		
Cash paid for interest	<u>\$ 80,757</u>	<u>\$ 109,091</u>

See notes to financial statements.

LOWER MANHATTAN CULTURAL COUNCIL, INC.

Notes to Financial Statements June 30, 2025 and June 30, 2024

Note 1 – Nature of organization

Founded as Lower Manhattan Cultural Council (“LMCC”), LMCC serves, connects and makes space for artists and community. Since 1973, LMCC has been the champion for independent artists in New York City and the cultural life force of Lower Manhattan creating a fertile and nurturing environment for arts groups and artists, enlivening public spaces with free programs in the visual, performing and new media arts, and providing leadership in cultural planning and advocacy. The combination of LMCC’s investment in individual artists and small arts groups, its robust network of partners in the public and private sectors, and its integrated approach to fostering local neighborhood efforts, aims to spark public imagination as well as inspire personal attachment and investment in NYC’s communities.

Note 2 – Summary of significant accounting policies

Basis of presentation

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

Financial reporting

LMCC reports information regarding its financial position and activities in two classes of net assets, net assets without donor restrictions and net assets with donor restrictions.

Net assets

Without donor restrictions

These net assets are used to support general operations. The only limits on these net assets, are internal Board designations which are outlined as follows:

- Operating – Consisted of funds available for general operations of LMCC.
- Board designated – Consisted of funds that were used at the discretion of LMCC’s Board of Directors.

During the 2024 fiscal year, the Board of Directors approved to close all the Board designated funds into the Operating fund. In connection therewith, LMCC made an interfund transfer of \$860,293 from the various Board designated funds to the Operating fund.

With donor restrictions

Temporary donor restrictions

These net assets with donor restrictions represent expendable grants and contributions received, which are restricted by the donor or are multi-year grants that relate to future periods. When the purpose is accomplished, or the time restriction expires the assets are reported in the statement of activities as net assets released from restrictions.

LOWER MANHATTAN CULTURAL COUNCIL, INC.

Notes to Financial Statements (continued) June 30, 2025 and June 30, 2024

Note 2 – Significant accounting policies (continued)

Revenue recognition

Grants and other contributions of cash and other assets are reported as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets or relate to future periods. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that have their purpose met in the same year as contributed are treated as contributions without donor restrictions on the statement of activities.

Grants receivable and allowance for credit losses

LMCC records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years, if any, are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization, if any, of the discounts is included in contribution revenue in the statement of activities. LMCC deems its grants receivable to be collectible and therefore does not have an allowance for credit losses. Such estimate is based on management's experience, the aging of the grants receivable, subsequent receipts and current and future anticipated economic conditions. There were no additions or deduction to the allowance for the fiscal year ended June 30, 2025. During the 2024 fiscal year approximately \$151,000 of uncollectible receivable was written off.

Contract/program services

Contract/program services revenue is recognized when services are performed. Certain contract/program services revenue are recognized over the term of the service and the unearned portion, is reflected as unearned revenue on the statement of financial position. LMCC has elected to use the portfolio approach as a practical expedient to account for contract services as a collective group, rather than individually, because the financial statements effects are not expected to be materially different from an individual approach. LMCC has elected the practical expedient and does not adjust the promised amount of consideration from the service contract customer for the effects of a significant financing component due to LMCC's expectation that the period between the time the service contract is provided to the costumer and the time the customer pays for that service will be one year or less.

Special events revenue

LMCC considers special event revenue to include both exchange transactions and contribution portions. LMCC's performance obligation and condition of the contribution are to host the event for its registered attendees. Payments are received upon the event registration. Revenue is recognized at a point in time when the event takes place for both exchange transactions and contribution portions.

LOWER MANHATTAN CULTURAL COUNCIL, INC.**Notes to Financial Statements (continued)
June 30, 2025 and June 30, 2024****Note 2 – Significant accounting policies (continued)****Cash equivalents**

LMCC considers highly liquid investments with original maturities of three months or less to be cash equivalents.

Property and equipment

Property and equipment are capitalized when the value is greater than \$500 and the useful life is more than one year. Depreciation of property and equipment is provided on the straight-line method over the estimated useful lives of the assets ranging from 3 to 40 years.

The City of New York stated that all City-funded capital expenditures and improvements are the property of the City, and are treated as fixed assets in the City's financial records for accounting purposes. In order to represent the City's ownership of the assets, and to avoid duplicative accounting, the City has directed the Cultural Institutions, including LMCC, not to include these assets in an organization's audited financial statements. There were no capital expenditures paid by the City of New York on behalf of LMCC for the fiscal years ended June 30, 2025 and June 30, 2024.

Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with temporary donor restrictions. It is LMCC's policy to imply a time restriction, based on when the asset is placed in service, on donations of property and equipment that are not restricted as to their use by the donor. Accordingly, these donations are recorded as support with temporary donor restrictions. LMCC reclassifies net assets with temporary donor restrictions to net assets without donor restrictions for the entire amount of the donated property and equipment once it is placed in service.

Deferred mortgage and line of credit costs

LMCC incurred closing costs in connection with obtaining a new mortgage used to finance an existing loan and in connection with obtaining a new line of credit. Such costs are being amortized over the terms of the new mortgage and new line of credit. The unamortized balance of deferred mortgage costs are recorded net with the respective long-term debt (see note 8).

Concentrations of credit risk

LMCC's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents and grants receivable. LMCC places its cash and cash equivalents with what it believes to be quality financial institutions. At times, the balances in LMCC's cash and cash equivalents accounts exceeded the FDIC insurance limit; however, LMCC has not experienced any losses in its cash and cash equivalents accounts to date. LMCC monitors its grants receivable on an ongoing basis and are deemed collectible by management. LMCC believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents and grants receivables.

LOWER MANHATTAN CULTURAL COUNCIL, INC.

Notes to Financial Statements (continued)
June 30, 2025 and June 30, 2024

Note 2 – Significant accounting policies (continued)

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 the amounts reported in the financial statements. Actual results could differ from these estimates.

Functional expenses

The cost of providing the various programs and other supporting activities has been summarized on a functional basis in the accompanying statement of activities. The statement of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting activities benefited. Natural expenses attributable to more than one functional expense category are allocated using a variety of cost allocation techniques primarily consisting of salary and wages and time and effort reporting.

Subsequent events

LMCC has evaluated events and transactions for potential recognition or disclosure through November 25, 2025 which is the date the financial statements were available to be issued. This evaluation did not result in any subsequent events that necessitated additional disclosures and/or adjustments.

Note 3 – Liquidity and availability of financial assets

LMCC's working capital and cash flows have seasonal variations during the year attributable to cash receipts from support and revenue, special events and other revenue items.

As of June 30, 2025 and June 30, 2024, financial asset and liquidity resources available reduced by amounts not available due to internal Board designations or with donor restrictions, within one year of the statement of financial position date for general expenditures, such as operating expenses, were as follows:

	<u>2025</u>	<u>2024</u>
Financial assets		
Cash and cash equivalents	\$ 188,194	\$ 179,911
Grants receivable	<u>1,816,815</u>	<u>2,236,947</u>
Total	2,005,009	2,416,858
Less: Donor restricted	<u>(1,461,652)</u>	<u>(1,763,900)</u>
Total	<u>\$ 543,357</u>	<u>\$ 652,958</u>

LMCC also has available a line of credit and a loan agreement, see note 8, to finance working capital needs that may be drawn upon, as necessary.

LOWER MANHATTAN CULTURAL COUNCIL, INC.**Notes to Financial Statements (continued)
June 30, 2025 and June 30, 2024****Note 4 – Donated facilities and services**

Contributions of nonfinancial assets are estimated at their fair value and reported as both public support and revenue and expenses in the period in which they are used. Contributions of nonfinancial assets 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 or use of space, and would otherwise be purchased by LMCC. These nonfinancial assets do not have donor-imposed restrictions.

During the 2025 and 2024 fiscal years, LMCC recorded donated facilities totaling \$394,460 in connection with space utilized primarily for the various programs at Greenwich Street. During the 2025 fiscal year, LMCC received donated legal and production services totaling \$262,555. During the 2024 fiscal year, LMCC received donated services totaling \$2,119.

Donated professional services consist of LMCC legal and consulting services. These contributed services are valued and reported at the estimated fair value based on current rates for similar legal and consulting fees. Donated facilities consists of rent-free occupied office space used for LMCC's programming activities and space for the artists valued what would it cost LMCC to rent such space.

Note 5 – Grants, contributions and net assets released from restrictions

LMCC reports grants and contributions as temporarily donor restricted support if they are received with donor stipulations that limit the use of the donated assets or multi-year grants with future years not yet received. When a donor stipulation expires, that is, when a stipulated time restriction ends or the purpose of the restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Revenue from government grants are recognized when reimbursable expenses are incurred under the terms of the respective contracts. Any contract payments in excess of qualified expenses are accounted for as contract advances and are reported as deferred revenue in the statement of financial position. As of June 30, 2025 and June 30, 2024 there were no contract advances reported on the statement of financial position.

Conditions contained within the various governmental contracts awarded to LMCC are subject to the funding agencies' criteria under which expenditures may be claimed and are subject to audit under such criteria. Such audits may determine that certain costs incurred against the grants may not comply with the established criteria that govern them. In such cases, LMCC could be held responsible for repayments to the funding agency for the costs or be subject to reductions of future funding. A provision has not been made in the accompanying financial statements for any potential disallowances.

LOWER MANHATTAN CULTURAL COUNCIL, INC.

Notes to Financial Statements (continued)
June 30, 2025 and June 30, 2024

Note 5 – Grants, contributions and net assets released from restrictions (continued)

Net assets that were released from donor restrictions by incurring expenses that satisfied the restricted purposes or by occurrence of other events specified by donors during the 2025 and 2024 fiscal years totaling \$887,000 and \$400,750, respectively, were used to fund the programs described in note 1.

The activities in the net assets with temporary donor restrictions consist of the following:

	Balance at June 30, 2024	Support	Released from Restrictions	Balance at June 30, 2025
Programs	\$1,560,000	\$ 379,500	\$ (811,000)	\$1,128,500
Scholarship/grant fund	28,900	5,252	(1,000)	33,152
Time – restricted	175,000	200,000	(75,000)	300,000
Total	<u>\$1,763,900</u>	<u>\$ 584,752</u>	<u>\$ (887,000)</u>	<u>\$1,461,652</u>
	Balance at June 30, 2023	Support	Released from Restrictions	Balance at June 30, 2024
Programs	\$ 294,000	\$1,560,000	\$ (294,000)	\$1,560,000
Scholarship/grant fund	30,900	-	(2,000)	28,900
Time – restricted	204,750	75,000	(104,750)	175,000
Total	<u>\$ 529,650</u>	<u>\$1,635,000</u>	<u>\$ (400,750)</u>	<u>\$1,763,900</u>

Note 6 – Commitments

Building 110

Effective December 1, 2016, LMCC entered into a 10-year lease agreement with The Trust for Governors Island to occupy substantially all of Building 110 on Governors Island, NY. LMCC undertook a comprehensive renovation and significant program expansion of LMCC's Arts Center, including artists' workspace, rehearsal space and/or exhibit space that was completed in Summer 2019. The 10-year lease agreement contains an option to renew for one additional term of 39 years. The annual rental is for a nominal value of \$1 plus certain common charges as defined in the lease agreement. As a condition of the lease, LMCC was required to make a \$50,000 security deposit with The Trust for Governors Island which is included in prepaid expenses, deposits and other in the statement of financial position.

Venue License Agreement (Program Revenue)

During February 2025, LMCC entered into a venue licensing agreement with a Limited Liability Company ("LLC") to manage all amenities at Building 110 on Governors Island. The LLC is responsible for operations, sales, marketing, food and beverage, revenue sharing, and related activities under the terms of this agreement. The initial term expired on June 15, 2025, and both parties are currently negotiating an extension.

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June 30, 2025 and June 30, 2024

Note 7 – Retirement plan

LMCC maintains a retirement annuity plan for all eligible employees. LMCC does not make any matching contributions to the plan.

Note 8 – Long-term debt

Mortgage

During December 2022, LMCC entered into a new restated mortgage note where an additional \$49,033 was borrowed and the total outstanding obligation totaled \$900,000 (the “Note”). Commencing January 1, 2023, the Note requires monthly payments of \$5,542 of principal and interest at a fixed interest rate of 5.45% per annum based on a 25-year amortization period. The Note expires on January 1, 2033, at which time a balloon payment and the remaining outstanding principal balance and any accrued and unpaid interest will be due and payable. The Note is secured by a mortgage on LMCC’s premises and LMCC is required to maintain certain financial covenants as defined in the loan agreement. The loan has a prepayment premium as outlined in the loan agreement.

Line of credit/term loan

On August 29, 2018, LMCC obtained a \$2,500,000 credit line with its existing financial institution. LMCC may borrow, repay and re-borrow until the maturity date. The line expired on September 1, 2023 (the “maturity date”). During December 2022, LMCC entered into a credit line promissory note modification and extension agreement with the financial institution and extended the maturity date to January 1, 2028. During the duration of the revolving line of credit agreement, the interest will be a floating rate equal to the greater of 5.75% per annum or at *The Wall Street Journal*’s prime rate plus 1.00% per annum. As of June 30, 2025, \$272,736 is outstanding under the line of credit. LMCC needs to maintain certain financial covenants and it is secured as defined in the credit line mortgage and security agreement. LMCC, at maturity, has the option of all sums of principal and accrued interest will be due and payable or convert the amount then outstanding to a ten-year fully amortization term loan with a maturity date of no later than January 1, 2038. Upon conversion, if elected, on January 1, 2028, the term loan will require interest equal to the greater of 6.0% per annum or the Federal Home Loan Bank of New York – Fixed Advance Rate plus 175 basis point.

The following is a summary of the estimated required principal payments on the long-term debt as of June 30, 2025:

<u>Fiscal Year</u>	<u>Mortgage</u>	<u>LOC/Term</u>	<u>Total</u>
2026	\$ 20,412	\$ -	\$ 20,412
2027	21,553	-	21,553
2028	22,757	272,736	295,493
2029	24,029	-	24,029
2030	25,372	-	25,372
2031 and after	<u>742,913</u>	<u>-</u>	<u>742,913</u>
Total	857,036	272,736	1,129,772
Less: current maturities	20,412	-	20,412
Less: deferred mortgage costs	<u>49,337</u>	<u>-</u>	<u>49,337</u>
Net long-term debt	<u>\$ 787,287</u>	<u>\$ 272,736</u>	<u>\$1,060,023</u>

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Note 9 – Tax status

LMCC is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the “Code”). In addition, LMCC has been determined by the Internal Revenue Service to be a publicly supported organization as described in Sections 509(A)(1) and 170(b)(1)(A)(vi), and not a private foundation. Donors are eligible to receive the maximum charitable tax deductions available for public charities under the Code.