

**Frontline Arts, A New Jersey Non-Profit Corporation**

**FINANCIAL STATEMENTS**

**June 30, 2022**

# Frontline Arts, A New Jersey Non-Profit Corporation

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees of  
Frontline Arts, A New Jersey Non-Profit Corporation

### Report on the Financial Statements

#### *Opinion*

I have audited the accompanying financial statements of Frontline Arts, A New Jersey Non-Profit Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Frontline Arts, A New Jersey Non-Profit Corporation as of June 30, 2022, and the changes in its 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*

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Frontline Arts, A New Jersey Non-Profit Corporation and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Frontline Arts, A New Jersey Non-Profit Corporation'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***

My 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 my 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 judgement made by a reasonable user based in the financial statements.

In performing an audit in accordance with generally accepted auditing standards, I:

- 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 Frontline Arts, A New Jersey Non-Profit Corporation'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Frontline Arts, A New Jersey Non-Profit Corporation's ability to continue as a going concern for a reasonable period of time.

I am 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**

I have previously audited Frontline Arts, A New Jersey Non-Profit Corporation's 2021 financial statements, and I expressed an unmodified audit opinion on those audited financial statements in my report dated November 24, 2021. In my opinion, the summarized comparative information presented, herein, as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

## Report on Other Legal and Regulatory Requirements

### *Other Matters*

#### *Other Information*

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of State Financial Assistance, as required by New Jersey Office of Management and Budget Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants, and State Aid*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, I have also issued my report dated November 15, 2022, on my consideration of Frontline Arts, A New Jersey Non-Profit Corporation's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Frontline Arts, A New Jersey Non-Profit Corporation's internal control over financial reporting and compliance.



Skillman, New Jersey  
November 15, 2022

**Frontline Arts, A New Jersey Non-Profit Corporation**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2022 and 2021

	June 30,	
	2022	2021
<b>ASSETS</b>		
Cash	\$ 285,848	\$ 187,793
Accounts receivable	1,739	-
Government grants receivable	8,839	5,178
Inventory	6,696	7,985
Prepaid expenses	200	-
Property and equipment, net	9,705	14,607
Collections, net of accumulated depreciation	26,000	26,000
<b>TOTAL ASSETS</b>	<u><u>\$ 339,027</u></u>	<u><u>\$ 241,563</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 12,383	\$ 3,947
Loan payable	-	30,820
Deferred revenue - NJSCA - capital improvements	78,863	-
Total liabilities	<u>91,246</u>	<u>34,767</u>
Net Assets		
Without donor restrictions	180,590	160,189
With donor restrictions	67,191	46,607
Total net assets	<u>247,781</u>	<u>206,796</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 339,027</u></u>	<u><u>\$ 241,563</u></u>

**Frontline Arts, A New Jersey Non-Profit Corporation**  
**STATEMENT OF ACTIVITIES**  
Year Ended June 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)

	2022		2021	
	Without Donor Restrictions	With Donor Restrictions	Total	Total
<b>SUPPORT AND REVENUE</b>				
Support				
In-kind donated services, materials, and facilities	\$ 28,798	\$ -	\$ 28,798	\$ 45,093
Foundation grants	33,241	10,000	43,241	130,046
Corporate grants	25,420	14,160	39,580	27,315
Contributions	28,720	-	28,720	32,587
Special events	16,682	-	16,682	30
Government grants	86,376	-	86,376	85,363
Paycheck protection program loan forgiveness	-	30,800	30,800	30,804
Total support	<u>219,237</u>	<u>54,960</u>	<u>274,197</u>	<u>351,238</u>
Revenue				
Frontline Paper program fees	46,621	-	46,621	2,570
Studio fees	9,500	-	9,500	10,360
Adult education classes	3,680	-	3,680	1,893
Membership dues	7,720	-	7,720	6,070
Other revenue	438	-	438	-
Exhibition sales	845	-	845	1,223
Net assets released from restrictions				
Purpose restrictions satisfied	34,376	(34,376)	-	-
<b>TOTAL REVENUES, GAINS, AND OTHER SUPPORT</b>	<u>322,417</u>	<u>20,584</u>	<u>343,001</u>	<u>373,354</u>
<b>EXPENSES</b>				
Program services	193,726	-	193,726	147,406
Management and general	79,497	-	79,497	80,649
Fundraising	28,793	-	28,793	12,565
<b>TOTAL EXPENSES</b>	<u>302,016</u>	<u>-</u>	<u>302,016</u>	<u>240,620</u>
<b>CHANGE IN NET ASSETS</b>	<u>20,401</u>	<u>20,584</u>	<u>40,985</u>	<u>132,734</u>
<b>NET ASSETS AT BEGINNING OF YEAR</b>	<u>160,189</u>	<u>46,607</u>	<u>206,796</u>	<u>74,062</u>
<b>NET ASSETS AT END OF YEAR</b>	<u><u>\$ 180,590</u></u>	<u><u>\$ 67,191</u></u>	<u><u>\$ 247,781</u></u>	<u><u>\$ 206,796</u></u>

**Frontline Arts, A New Jersey Non-Profit Corporation**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2022  
(With Comparative Totals for the Year Ended June 30, 2021)

	June 30, 2022				June 30,
	Program Services	Management and General	Fundraising	Total	2021 Total
Compensation and payroll taxes	\$ 138,489	\$ 43,475	\$ 12,864	\$ 194,828	\$ 129,327
Occupancy	29,547	2,224	-	31,771	51,164
Office expense	-	9,070	-	9,070	7,857
Program expense - supplies	5,701	-	-	5,701	770
Professional fees	-	13,850	-	13,850	16,851
Travel	7,307	-	-	7,307	3,796
Depreciation	4,818	84	-	4,902	5,196
Program expense - other	5,724	-	-	5,724	14,923
Insurance	-	4,717	-	4,717	4,785
Advertising and marketing	1,160	-	-	1,160	200
Payroll service	-	3,572	-	3,572	3,339
In-kind supplies	798	-	-	798	241
Bank fees	-	1,194	-	1,194	1,171
Special events and reception	182	-	15,929	16,111	111
Postage	-	1,311	-	1,311	889
<b>TOTAL FUNCTIONAL EXPENSES</b>	<u>\$ 193,726</u>	<u>\$ 79,497</u>	<u>\$ 28,793</u>	<u>\$ 302,016</u>	
<b>TOTAL FUNCTIONAL EXPENSES 2021</b>	<u>\$ 147,405</u>	<u>\$ 80,649</u>	<u>\$ 12,566</u>		<u>\$ 240,620</u>



**Frontline Arts, A New Jersey Non-Profit Corporation**  
**STATEMENTS OF CASH FLOWS**  
Years Ended June 30, 2022 and 2021

	June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 40,985	\$ 132,734
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	4,902	5,196
Forgiveness of Paycheck Protection Loan	(30,820)	(30,800)
Donated assets included in contributions but capitalized as collections	-	(3,000)
(Increase) decrease in operating assets:		
Prepaid expenses	(200)	-
Accounts receivable	(1,739)	-
Government grants receivable	(3,661)	(5,178)
Inventory	1,289	(1,754)
Accounts payable and accrued expenses	8,436	1,106
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<u>98,055</u>	<u>98,304</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from loan payable	-	30,820
<b>NET INCREASE IN CASH</b>	<u>98,055</u>	<u>129,124</u>
<b>BEGINNING CASH</b>	187,793	58,669
<b>ENDING CASH</b>	<u><u>\$ 285,848</u></u>	<u><u>\$ 187,793</u></u>

**Frontline Arts, A New Jersey Non-Profit Corporation**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 1 - DESCRIPTION OF THE ORGANIZATION**

Frontline Arts, A New Jersey Non-Profit Corporation (“Frontline”), formerly the Printmaking Center of New Jersey, is dedicated to connecting and building communities through socially engaging arts practices rooted in papermaking and printmaking. Frontline supports in-house and mobile educational programs and provides a communal space with shared equipment and space for printmakers and papermakers across the State of New Jersey and larger regions. Frontline also offers community-building events, a variety of artist studio services, and groundbreaking exhibitions in the refurbished second-floor gallery.

**Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation** - The financial statements of Frontline 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”).

First, the Organization evaluates whether transactions should be accounted for as contributions or exchange transactions, and, if contributions, determines whether the contributions are unconditional.

If the possibility that a condition will not be met is remote, a conditional promise to give is considered unconditional, and contribution revenue is recognized immediately. Conditional contributions received that contain a more substantial barrier are accounted for as a liability or are unrecognized initially. When the barrier to entitlement is overcome, the transaction is recognized as unconditional.

Unconditional contributions are classified as either with restrictions or without restrictions.

- **Net Assets Without Donor Restrictions** - Net assets derived from resources that are not subject to explicit donor-imposed restrictions. If donor-imposed restrictions wholly expire in a fiscal year, those contributions are recorded as without restrictions.
- **Net Assets With Donor Restrictions** - Net assets that are subject to explicit donor-imposed restrictions on the expenditure of contributions. When time and purpose restrictions expire, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**Property and Equipment** – Property and equipment over \$1,000 are recorded at cost or, if donated, as support at their estimated fair value. Property and equipment are depreciated using the straight-line method over the estimated useful lives of the various assets.

Repairs and maintenance that do not improve or extend the life of the respective assets for more than one year are expensed when incurred.

**Collections** – Frontline has capitalized its collections since its inception. If purchased, items accessioned into the collection are capitalized at cost, and if donated, they are capitalized at their

**Frontline Arts, A New Jersey Non-Profit Corporation**  
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fair value on the accession date. Gains or losses on the deaccession of collection items are classified on the statement of activities as net assets without donor restrictions or net assets with donor restrictions placed on the item at the time of accession.

**Comparative Financial 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 U.S. GAAP. Accordingly, such information should be read in conjunction with Frontline's financial statements for the year ended June 30, 2021, from which the summarized information was derived.

**Advertising Costs** – Advertising costs are expensed as incurred.

**Income Taxes** - Frontline is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code for activities related to its exempt purpose. Frontline has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).

**Estimates** - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Among others, these estimates include the useful lives of fixed assets, allocation of functional expenses, the value of in-kind donations, and the collectability of grants and accounts receivable.

**Recently Adopted Accounting Pronouncements**

On July 1, 2020, the Organization adopted new guidance in accordance with FASB's Accounting Standards Update (ASU) 2018-08 Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made. Under this guidance, the Organization evaluates whether transactions should be accounted for as contributions or exchange transactions, and, if contributions, determines whether the contributions are unconditional.

On July 1, 2020, the Organization adopted new guidance in accordance with FASB's ASU 2014-09, Revenue from Contracts with Customers. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Because of these changes, many government grants and contracts are now considered conditional contributions rather than fee for service transactions. Adoption of these two standards had no effect on the financial statements.

The Financial Accounting Standards Board issued Accounting Standards Update (ASU) 2020-07, regarding contributed nonfinancial assets, in September of 2020. The amendments in this Update are to be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. The amendments in this Update improve

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**Notes to Financial Statements**  
**June 30, 2022**

financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. The Organization has adopted this standard for these financial statements. No change to the financial statements was required.

The Financial Accounting Standards Board issued ASU 2019-03, updating the definition of collections, in March of 2019. The amendments in this Update modify the definition of the term collections to align it with the definition used in the American Alliance of Museums' (AAM) Code of Ethics for Museums. The amendments also require that a collection-holding entity disclose its policy for the use of proceeds from when collection items are deaccessioned (that is, removed from a collection). If a collection-holding entity has a policy that allows proceeds from deaccessioned collection items to be used for direct care, it should disclose its definition of direct care.

Current generally accepted accounting principles (GAAP) state that an entity need not recognize contributions of works of art, historical treasures, and similar assets if the donated items are added to collections and meet three conditions. One condition states that an entity must be subject to an organizational policy that requires that the proceeds from sales of collection items be used to acquire other items for collections. The amendments in this Update modify that condition so that the proceeds to be used to support the direct care of existing collections in addition to the current requirement that proceeds from sales of collection items be used to acquire other items for collections. The amendments in this Update are effective for these financial statements.

**In-kind contributions** – In accordance with The Financial Accounting Standards Board Accounting Standards Codification (“ASC”) 958-202, donated property, marketable securities and other noncash donations are recorded as contributions at their estimated fair value at the date of donation. 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 need to be purchased by Frontline.

**Frontline Arts, A New Jersey Non-Profit Corporation**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 3 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

Frontline's qualitative approach to liquidity is to fund expenses with current revenue including contributions, grants, program fees, membership dues, fundraising events, and studio fees. Frontline prepares annual budgets and regularly reviews budget versus actual results.

Quantitatively, the following reflects Frontline's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions or internal designations or time restrictions:

Total assets at year end	\$ 339,027
Less nonfinancial assets	
Prepaid expenses	(200)
Inventory	(6,696)
Property and equipment, net	(9,705)
Collections, net	(26,000)
Financial assets at year end	<u>296,426</u>
Less those unavailable for general expenditures within one year due to:	
Donor or other contractual obligations	(67,191)
Their long-term nature	-
Board restrictions	-
Financial Assets available to meet cash needs for general expenditures within one year	<u><u>\$ 229,235</u></u>

In addition to these available financial assets, a significant portion of Frontline's annual expenditures will be funded by current year operating revenues from contributions, grants, and program services.

**Note 4 - INCOME TAXES**

Frontline's income tax returns are subject to review and examination by federal, state, and local authorities. Frontline is not aware of any activities that would jeopardize its tax-exempt status or any activities that are subject to unrelated business income taxes. Frontline's tax returns for the years ended June 30, 2019, 2020, and 2021 are open for federal examination.

**Frontline Arts, A New Jersey Non-Profit Corporation**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 5 - DONATED SERVICES, MATERIALS AND FACILITIES**

Frontline received non-cash items and donated services from a variety of unpaid volunteers. The amounts recognized are as follows:

	<u>For the year ended June 30,</u>	
	2022	2021
Value of facilities received from Somerset County in excess of payment	\$ 28,000	\$ 28,000
Legal services for contract, human resources, and other work	-	13,852
Donated artwork	-	3,000
Supplies	798	241
	<u>\$ 28,798</u>	<u>\$ 45,093</u>

**Note 6 – PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	<u>June 30,</u>	
	2022	2021
Printing equipment	\$ 74,398	\$ 74,398
Office furniture and equipment	3,671	3,671
Vehicles	10,500	10,500
Leasehold improvements	<u>22,767</u>	<u>22,767</u>
Subtotal	111,336	111,336
Accumulated depreciation	<u>(101,631)</u>	<u>(96,729)</u>
Net book value	<u>\$ 9,705</u>	<u>\$ 14,607</u>

**Note 7 – COLLECTIONS**

If purchased, items accessioned into the collections are capitalized at cost, and, if donated, they are capitalized at their fair value on the accession date. Gains or losses on the deaccession of the collection items are classified on the statement of activities as support without donor restrictions or donor-restricted support depending on donor restrictions, if any, placed on the item at the time of accession. Collection items are depreciated over the estimated useful lives unless they have cultural, aesthetic, or historical value that is worth preserving perpetually, and the organization is protecting and preserving essentially undiminished the service potential of the collection item. In that latter case, they are not depreciated based on a preset life or formula, but, rather, evaluated periodically. The organization has capitalized its collections since its inception.

**Frontline Arts, A New Jersey Non-Profit Corporation**  
**Notes to Financial Statements**  
**June 30, 2022**

Collections	\$ 26,000	\$ 26,000
Accumulated depreciation	-	-
Net book value	<u>\$ 26,000</u>	<u>\$ 26,000</u>

**Note 8 – LEASES**

Since 1978, Frontline has leased space from the Somerset County Park Commission on an annual basis for \$1, which is less than the fair value of the property. The difference between the fair value and the amount of the rent paid is recorded as a contribution in-kind and an expense in-kind in the period received. That amount was \$28,000 for each of the years ended June 30, 2022 and 2021. The current lease expires December 31, 2023.

**Note 9 – GRANTS AND ACCOUNTS RECEIVABLE**

Grants and accounts receivable are considered by management to be fully collectible, and, accordingly, no allowance for uncollectability has been provided.

**Note 10 – FUNCTIONAL AND NATURAL CLASSIFICATION OF EXPENSES**

The financial statements report certain categories of expenses that are attributable to one or more of Frontline’s program or supporting functions. The expenses reported by functional categories consist of compensation expenses that have been allocated based on time and efforts spent. Depreciation and occupancy expenses have been allocated based on space used.

**Note 11 – NOTES PAYABLE**

Frontline Arts received two Paycheck Protections Program (PPP) loans. The first draw PPP loan of \$30,800 was forgiven in March of 2021. The second draw PPP loan of \$30,820 was forgiven on November 8, 2021.

**Frontline Arts, A New Jersey Non-Profit Corporation**  
**Notes to Financial Statements**  
**June 30, 2022**

**Note 12 – NET ASSETS**

Some contributions have been recognized in revenue but have come with donor restrictions that have not yet been met.

	June 30	
	2022	2021
Restricted by purpose		
Grassman Trust- capital improvements	\$ 10,000	\$ -
Warner Media - Sunday workshops	14,160	-
Veterans' Artist Residency	43,031	43,697
Veterans' Crowdfunded Sunday Workshops	-	2,910
	67,191	46,607
Restricted by time	-	-
Total net assets with restrictions	\$ 67,191	\$ 46,607

**Note 13 - RISKS AND UNCERTAINTIES**

Management is currently evaluating the impact of the COVID-19 pandemic on the industry and has concluded that while it is reasonably possible that the virus could have a negative effect on Frontline’s financial position and results of its operation, the specific impact is not readily determinable as of the date of these financial statements. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

**Note 14 - SUBSEQUENT EVENTS**

Frontline has evaluated subsequent events through November 15, 2022, the date on which the financial statements were available to be issued.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Trustees of  
Frontline Arts, A New Jersey Non-Profit Corporation

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Frontline Arts, A New Jersey Non-Profit Corporation, which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated November 15, 2022.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered Frontline Arts, A New Jersey Non-Profit Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Frontline Arts, A New Jersey Non-Profit Corporation's internal control. Accordingly, I do not express an opinion on the effectiveness of Frontline Arts, A New Jersey Non-Profit Corporation's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Frontline Arts, A New Jersey Non-Profit Corporation's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Princeton Junction, New Jersey  
November 15, 2022

Frontline Arts  
 Schedule of Expenditures of State Financial Assistance  
 For the Year Ended June 30, 2022

State Grantor Department & Program Title	State Account Number	Federal CFDA	Program or Grant Amount	Program or Grant Period	Disbursements	
					During This Fiscal Year	Total Disbursements Through This Fiscal Year
New Jersey State Council of the Arts	2205X010028	None	\$35,356	7/1/2021-6/30/2022	\$ 35,356	\$ 35,356
New Jersey State Council of the Arts-Coronavirus Relief	2105X380072	None	51,000	8/1/2021-12/31/2021	51,000	51,000
New Jersey State Council of the Arts - Capital Improvement	2205X390016	None	87,625	6/1/2022-12/31/2023	-	-
Total State Awards					<u>\$ 86,356</u>	<u>\$ 86,356</u>

**Frontline Arts, A New Jersey Non-Profit Corporation**  
**Notes to Schedule of Expenditures of State Financial Assistance**  
**June 30, 2022**

**1. General**

The accompanying schedule of expenditures of state financial assistance presents the activity of the state grant award programs of the Frontline Arts, A New Jersey Non-Profit . The nature of the Frontline is described in Note 1 of the general financial statements. All state awards received directly from state agencies, as well as any state financial assistance passed through other government agencies, are included on the schedule of expenditures of state financial assistance.

**2. Basis of Accounting**

The accompanying schedule of expenditures of state financial assistance is calculated on the accrual basis of accounting as described in Note 2 of the general financial statements. Disbursements in that schedule refers to qualified expenses incurred under the grant terms and conditions. That generally equates to generally accepted accounting principles.

**3. Relationship to General Financial Statements**

Amounts reported in the accompanying schedule can be reconciled to the amounts reported in the Organization's financial statements.

**4. Relationship to State Financial Reports**

Amounts reported in the accompanying schedule can be reconciled to the amounts reported in the related grantor financial reports.

**5. Subrecipients and Cost Rates**

There are no subrecipients and there are no indirect cost rates used as part of these contracts.