

Central Florida Community Arts, Inc.

Financial Statements

As of December 31, 2020

CENTRAL FLORIDA COMMUNITY ARTS, INC.

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Independent Auditors' Report

To the Board of Directors
Central Florida Community Arts, Inc.
Orlando, Florida

We have audited the accompanying financial statements of Central Florida Community Arts, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Florida Community Arts, Inc. as of December 31, 2020 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

SCHAFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP
July 8, 2021

CENTRAL FLORIDA COMMUNITY ARTS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2020

ASSETS

Cash and cash equivalents	\$ 1,267,598
Investments, at fair market value	103,231
Prepaid expenses and other assets	1,764
Property and equipment - at cost, net of accumulated depreciation of \$127,330	<u>41,691</u>
TOTAL ASSETS	<u><u>\$ 1,414,284</u></u>

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 140,906
Unearned revenue	<u>17,906</u>
Total Liabilities	<u>158,812</u>

Net Assets

Without donor restrictions	1,255,472
With donor restrictions	<u>-</u>
Total Net Assets	<u>1,255,472</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 1,414,284</u></u>

See accompanying notes to the financial statements

CENTRAL FLORIDA COMMUNITY ARTS, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2020

Changes in Net Assets Without Donor Restrictions	
Revenues	
Contributions	\$ 1,075,044
Membership and participation fees	300,172
Investment income	16,659
Total Revenues Without Donor Restrictions	1,391,875
Expenses	
Program Services	
Performing Arts	857,192
Support Services	
Management and general	364,341
Fundraising	9,033
Total Expenses	1,230,566
Other Income (Expense)	
SBA PPP loan forgiveness	107,523
Other expenses	(1,179)
Total other income (expense)	106,344
Increase in Net Assets Without Donor Restrictions	267,653
Changes in Net Assets With Donor Restrictions	
-	
Total Increase (decrease) in Net Assets	267,653
Net Assets at Beginning of Year	987,819
Net Assets at End of Year	\$ 1,255,472

See accompanying notes to the financial statements

CENTRAL FLORIDA COMMUNITY ARTS, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2020

Increase (decrease) in net assets	\$ 267,653
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	21,483
Unrealized (gain) loss on investments	(13,614)
Change in assets and liabilities:	
(Increase) decrease in prepaid expenses	(740)
Increase (decrease) in accounts payable and accrued expenses	(25,212)
Increase (decrease) in unearned revenue	<u>15,246</u>
Net Cash Provided by (Used by) Operating Activities	<u>264,816</u>
Cash Flows from Investing Activities	
Purchase of investments	(89,617)
Proceeds from sale of investments	75,138
Purchase of property and equipment	<u>(1,099)</u>
Net Cash Used in Investing Activities	<u>(15,578)</u>
Cash Flows from Financing Activities	<u>-</u>
Net Cash Used in Financing Activities	<u>-</u>
Net Increase (decrease) in Cash	249,238
Cash at Beginning of Year	<u>1,018,360</u>
Cash at End of Year	<u><u>\$ 1,267,598</u></u>
 Cash paid during the year for:	
Interest	\$ -
Income taxes	\$ -

See accompanying notes to the financial statements

CENTRAL FLORIDA COMMUNITY ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2020

	<u>Program Services</u>		<u>Support Services</u>		<u>Total</u>
	<u>Performing Arts</u>	<u>Management and General</u>	<u>Fund Raising</u>		
Salaries and wages	\$ 644,360	\$ 202,132	\$ -		\$ 846,492
Employee benefits and payroll taxes	44,460	62,245	-		106,705
Music and program expenses	63,809	903	-		64,712
Advertising	38,575	2,936	-		41,511
Bank and credit card charges	9,381	5,141	-		14,522
Depreciation	21,079	404	-		21,483
Insurance	-	6,800	-		6,800
Office expenses	20,644	38,320	-		58,964
Occupancy	12,592	28,546	-		41,138
Professional fees	-	13,789	-		13,789
Travel and meetings	578	2,892	-		3,470
Other expenses	1,714	233	9,033		10,980
	<u>1,714</u>	<u>233</u>	<u>9,033</u>		<u>10,980</u>
Total	\$ 857,192	\$ 364,341	\$ 9,033		\$ 1,230,566

See accompanying notes to the financial statements

CENTRAL FLORIDA COMMUNITY ARTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE 1 – Summary of Significant Accounting Policies

The summary of significant accounting policies is presented to assist in the understanding of the financial statements of Central Florida Community Arts, Inc. (the Organization). The financial statements and notes are representation of management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

Organization – Central Florida Community Arts, Inc., a not-for-profit corporation, was incorporated in 2011 under the laws of the State of Florida. The Organization’s purpose is to create a cultural platform in Central Florida where every person can join an artistic family to connect, serve and perform.

Basis of Accounting – The financial statements of Central Florida Community Arts, Inc. have been prepared on the accrual basis of accounting. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) Topic 958.

Revenue recognition – Contributions received are recorded as net assets with donor restrictions or net assets without donor restrictions depending on the existence or nature of any donor restrictions. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Non-cash contributions received by the Organization are recorded at management’s estimate of the fair market value at the date received.

CENTRAL FLORIDA COMMUNITY ARTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE 1 – Summary of Significant Accounting Policies (continued)

Cash and cash equivalents – Cash and cash equivalents include cash invested in liquid instruments with an original maturity of three months or less.

Property and equipment - Fixed assets are recorded at cost or, if donated, at the fair market value on the date of receipt. Depreciation of fixed assets is calculated using the straight line method over the estimated useful lives of the respective assets. Depreciation expense for the year ended December 31, 2020 was \$21,483.

Unearned Revenue – Prepayments of membership dues are recorded as unearned revenue. These prepayments are recognized as income during the year to which they relate.

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Functional Expenses - The costs of providing the various functions and other activities have been detailed in the statement of functional expenses. Salaries and other expenses which are associated with a specific function are charged directly to that function. Other expenses which benefit more than one function are allocated to the various functions based on the percentage of each function's salary expense to total salary expense or upon area usage.

NOTE 2 – Contributed Services

A number of unpaid volunteers have made contributions of their time in the management, administration and productions of the organization. The value of this contributed time is not reflected in these financial statements because they did not meet the criteria for recognition as contributed services.

NOTE 3 – Property and Equipment:

Property and equipment at December 31, 2020 consists of the following:

Furniture and equipment	\$169,021
Less accumulated depreciation	<u>(127,330)</u>
	<u>\$ 41,691</u>

CENTRAL FLORIDA COMMUNITY ARTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE 4 – Marketable Securities

Marketable securities are categorized as trading securities and stated at fair value. Fair value is determined using the quoted closing or latest bid prices for Level 1 investments and market standard valuation methodologies for Level 2 investments. Realized gains and losses on investment transactions are determined by specific identification and are recognized as incurred in the statements of activities. Net unrealized gains and losses are reported in the statements of activities and represent the change in the fair value of investment holdings during the period.

Marketable securities are Level 1 investments consisting of the following:

Equity Investments	\$ 49,752
Fixed Income Investments	<u>53,479</u>
Total	<u>\$ 103,231</u>

Equity and fixed income investments are carried at market value.

Investment return consisted of the following:

Interest and dividend income	\$ 5,499
Unrealized appreciation of investments	13,676
Investment fees	<u>(2,516)</u>
Total investment return	<u>\$ 16,659</u>

NOTE 5 – Retirement Plan

The Organization adopted a Savings Incentive Match Plan for Employees (SIMPLE IRA Plan) for eligible employees. All employees that have received at least \$5,000 in compensation during the preceding two years are eligible to participate. Employee elective deferrals are limited to \$13,000 per year for the year 2020, with an additional \$3,000 for employees who are age fifty or older at year end. The employer's contribution is based on matching contributions of up to 3% of employee wages. The Association's contribution for the year ended December 31, 2020 was approximately \$14,140.

CENTRAL FLORIDA COMMUNITY ARTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE 6 – Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code on income related to its tax-exempt purpose. The Organization had no unrelated business income during the year ended December 31, 2020, accordingly, no tax liability or provision has been provided for in the accompanying financial statements.

The Organization has adopted the provisions of the Income Tax Topic of the ASC. These provisions clarify the accounting for uncertainty in tax positions and prescribe guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of December 31, 2020, the Association had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax exempt status. The tax returns for the fiscal years ended from 2016 forward are open to examination by federal authorities.

NOTE 7 – Concentration of Credit Risk

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with financial institutions, and occasionally balances exceed the amount covered by FDIC insurance.

CENTRAL FLORIDA COMMUNITY ARTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2020

NOTE 8 – Paycheck Protection Program

In April 2020 the Company received a loan in the amount of \$107,523 pursuant to the Paycheck Protection Program (PPP) established by the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide relief in connection with the coronavirus pandemic. The note bears interest at 1% and is subject to a payment deferral period of six months. However, the note and related interest are subject to forgiveness when the proceeds of the loan are used to fund payroll and other allowable expenses as defined by the PPP. As of December, the Company incurred over \$107,523 of qualifying expenditures and, accordingly, has recorded that amount as PPP revenue in the accompanying statement of activities.

NOTE 9 – Subsequent Events

Management Evaluation - The Organization has evaluated subsequent events through July 8, 2021, which is the date the financial statements were issued. All subsequent events requiring recognition as of July 8, 2021 have been incorporated into these financial statements.