

Central Florida Community Arts, Inc.

Financial Statements

As of December 31, 2023

CENTRAL FLORIDA COMMUNITY ARTS, INC.

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Independent Auditors' Report

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

Opinion

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, 2023, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Florida Community Arts, Inc. as of December 31, 2023 and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central Florida Community Arts, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Central Florida Community Arts, Inc.'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 of 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Central Florida Community Arts, Inc.'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Central Florida Community Arts, Inc.'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.

Schafer, Tschopp, Whitcomb, Mitchell & Sheridan, LLP

SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP

November 14, 2024

CENTRAL FLORIDA COMMUNITY ARTS, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

Cash and cash equivalents	\$ 18,309
Investments, at fair market value	658,354
Prepaid expenses and other assets	5,985
Property and equipment - at cost, net of accumulated depreciation of \$213,910	34,424
TOTAL ASSETS	\$ 717,072

LIABILITIES AND NET ASSETS

Liabilities

Accounts payable and accrued expenses	\$ 188,796
Note payable- revenue purchase agreement	116,464
Unearned revenue	100,000
Total Liabilities	405,260

Net Assets

Without donor restrictions	311,812
With donor restrictions	-
Total Net Assets	311,812

TOTAL LIABILITIES AND NET ASSETS	\$ 717,072
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See accompanying notes to the financial statements

CENTRAL FLORIDA COMMUNITY ARTS, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2023

Changes in Net Assets Without Donor Restrictions

Revenues

Contributions	\$ 735,972
Membership and participation fees	1,147,055
Investment income	111,329
Other	<u>1,164</u>
Total Revenues Without Donor Restrictions	<u>1,995,520</u>

Expenses

Program Services	
Performing Arts	1,190,253
Support Services	
Management and general	1,516,360
Fundraising	<u>52,992</u>
Total Expenses	<u>2,759,605</u>

Decrease in Net Assets Without Donor Restrictions (764,085)

Changes in Net Assets With Donor Restrictions -

Total Increase (decrease) in Net Assets (764,085)

Net Assets at Beginning of Year 1,075,897

Net Assets at End of Year \$ 311,812

See accompanying notes to the financial statements

CENTRAL FLORIDA COMMUNITY ARTS, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2023

Increase (decrease) in net assets	\$ (764,085)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	13,748
Unrealized (gain) loss on investments	(80,665)
Changes in assets and liabilities:	
Accounts receivable	49,001
Prepaid expenses	10,327
Accounts payable and accrued expenses	47,737
Unearned revenue	<u>(17,831)</u>
 Net Cash Used by Operating Activities	 <u>(741,768)</u>
 Cash Flows from Investing Activities	
Net proceeds from sale of investments	387,765
Purchase of property and equipment	<u>(37,018)</u>
 Net Cash Used in Investing Activities	 <u>350,747</u>
 Cash Flows from Financing Activities	
Borrowings from revenue purchase agreement	136,000
Repayments of revenue purchase agreement	<u>(19,536)</u>
Net Cash Provided by Financing Activities	<u>116,464</u>
 Net Increase (decrease) in Cash	 (274,557)
 Cash at Beginning of Year	 <u>292,866</u>
 Cash at End of Year	 <u><u>\$ 18,309</u></u>
 Cash paid during the year for:	
Interest	\$ 32,466
Income taxes	\$ -

See accompanying notes to the financial statements

CENTRAL FLORIDA COMMUNITY ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2023

	<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	\$ 415,754	\$ 713,721	\$ -	\$ 1,129,475
Employee benefits and payroll taxes	34,654	149,403	-	184,057
Music and program expenses	707,779	58,958	-	766,737
Advertising	2,440	124,251	-	126,691
Bank and credit card charges	2,914	26,156	-	29,070
Depreciation	-	13,748	-	13,748
Insurance	-	58,359	-	58,359
Office expenses	17,024	239,840	-	256,864
Occupancy	7,187	60,697	-	67,884
Professional fees	-	44,102	-	44,102
Travel and meetings	2,501	25,994	-	28,495
Other expenses	-	1,131	52,992	54,123
Total	\$ 1,190,253	\$ 1,516,360	\$ 52,992	\$ 2,759,605

See accompanying notes to the financial statements

CENTRAL FLORIDA COMMUNITY ARTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023

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, 2023 was \$13,748.

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, 2023 consists of the following:

Furniture and equipment	\$248,334
Less accumulated depreciation	<u>(213,910)</u>
	<u>\$ 34,424</u>

CENTRAL FLORIDA COMMUNITY ARTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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	\$ 463,740
Fixed Income Investments	<u>194,614</u>
Total	<u>\$ 658,354</u>

Equity and fixed income investments are carried at market value.

Investment return consisted of the following:

Interest and dividend income	\$ 33,376
Unrealized appreciation of investments	80,665
Realized losses from sale of investments	<u>(2,712)</u>
Total investment return	<u>\$ 111,329</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 2023, 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, 2023 was approximately \$10,300.

CENTRAL FLORIDA COMMUNITY ARTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

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, 2023, 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, 2023, 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 2018 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.

NOTE 8 – Subsequent Events

Management Evaluation - The Organization has evaluated subsequent events through November 14, 2024, which is the date the financial statements were issued. All subsequent events requiring recognition as of November 14, 2024 have been incorporated into these financial statements.

CENTRAL FLORIDA COMMUNITY ARTS, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2023

NOTE 9 – Lease Obligations

The Organization conducts its operations from leased facilities. The Organization signed a two year lease for its main office in February 2022 that will expire in December of 2023. Rent expense for 2023 for the operating lease was \$51,867.

NOTE 10 – Note Payable

In October 2023 the Organization entered into a revenue purchase agreement whereby the organization sells, assigns and transfers to Pearl Capital all payments made of cash, check, electronic transfer or other form of monetary payment in the ordinary course of business to the Organization until the purchased amount has been repaid. The Organization borrowed \$136,000 and has repaid \$19,536 during the year ended December 31, 2023. As of December 31, 2023 the balance due was \$116,464.