

**Central Florida Community Arts, Inc.**

**Financial Statements**

**As of December 31, 2018**

**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, 2018 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, 2018 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*

**SCHAFFER, TSCHOPP, WHITCOMB, MITCHELL & SHERIDAN, LLP**  
June 18, 2019

**CENTRAL FLORIDA COMMUNITY ARTS, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2018**

**ASSETS**

Cash and cash equivalents	\$ 961,493
Accounts receivable	-
Prepaid expenses and other assets	1,156
Property and equipment - net	<u>48,722</u>
<b>TOTAL ASSETS</b>	<b><u><u>\$ 1,011,371</u></u></b>

**LIABILITIES AND NET ASSETS**

**Liabilities**

Accounts payable and accrued expenses	\$ 140,944
Unearned revenue	<u>11,707</u>
Total Liabilities	<u>152,651</u>

**Net Assets**

Without donor restrictions	821,220
With donor restrictions	<u>37,500</u>
Total Net Assets	<u>858,720</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u><u>\$ 1,011,371</u></u></b>
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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, 2018**

**Changes in Net Assets Without Donor Restrictions**

**Revenues**

Contributions	\$ 786,210
Membership and participation fees	828,163
Investment income	468
Other revenue	27,990
Net assets released from restrictions	<u>4,692</u>
<b>Total Revenues Without Donor Restrictions</b>	<b><u>1,647,523</u></b>

**Expenses**

Program Services	
Performing Arts	1,084,352
Support Services	
Management and general	315,513
Fundraising	<u>27,712</u>
<b>Total Expenses</b>	<b><u>1,427,577</u></b>
<b>Increase in Net Assets Without Donor Restrictions</b>	<b>219,946</b>

**Changes in Net Assets With Donor Restrictions**

Restricted donations	37,500
Net assets released from restrictions	<u>(4,692)</u>
<b>Increase in Net Assets With Donor Restrictions</b>	<b><u>32,808</u></b>
<b>Total Increase (decrease) in Net Assets</b>	<b>252,754</b>
<b>Net Assets at Beginning of Year</b>	<b><u>605,966</u></b>
<b>Net Assets at End of Year</b>	<b><u><u>\$ 858,720</u></u></b>

See accompanying notes to the financial statements

**CENTRAL FLORIDA COMMUNITY ARTS, INC.**  
**STATEMENT OF CASH FLOWS**  
**For the year ended December 31, 2018**

Increase (decrease) in net assets	\$ 252,754
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	19,445
Change in assets and liabilities:	
(Increase) decrease in Accounts receivable	2,875
(Increase) decrease in prepaid expenses	715
Increase (decrease) in accounts payable and accrued expenses	(20,159)
Increase (decrease) in unearned revenue	<u>8,443</u>
Net Cash Provided by (Used by) Operating Activities	<u>264,073</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	<u>(11,389)</u>
Net Cash Used in Investing Activities	<u>(11,389)</u>
<b>Cash Flows from Financing Activities</b>	<u>-</u>
Net Cash Used in Financing Activities	<u>-</u>
Net Increase (decrease) in Cash	252,684
<b>Cash at Beginning of Year</b>	<u>708,809</u>
<b>Cash at End of Year</b>	<u><u>\$ 961,493</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, 2018**

	<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	\$ 600,291	\$ 181,150	\$ -		\$ 781,441
Employee benefits and payroll taxes	52,660	16,033	-		68,693
Music and program expenses	252,050	-	-		252,050
Advertising	47,889	5,109	-		52,998
Bank and credit card charges	54,109	6,768	-		60,877
Depreciation	19,108	337	-		19,445
Insurance	-	4,637	-		4,637
Office expenses	35,498	29,012	-		64,510
Occupancy	11,929	46,272	-		58,201
Professional fees	-	20,865	-		20,865
Travel and meetings	3,267	4,538	-		7,805
Other expenses	7,551	792	27,712		36,055
<b>Total</b>	<b>\$ 1,084,352</b>	<b>\$ 315,513</b>	<b>\$ 27,712</b>		<b>\$ 1,427,577</b>

See accompanying notes to the financial statements



**CENTRAL FLORIDA COMMUNITY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

**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.

**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, 2018 was \$19,445.

**CENTRAL FLORIDA COMMUNITY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

**NOTE 1 – Summary of Significant Accounting Policies (continued)**

**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, 2018 consists of the following:

Furniture and equipment	\$133,783
	133,783
Less accumulated depreciation	<u>(85,061)</u>
	<u>\$ 48,722</u>

**NOTE 4 – Net Assets with Donor Restrictions**

Nets assets with donor restrictions of \$37,500 as of December 31, 2018 are restricted to expenditures for the 2019 Symphony Orchestra Series. The \$37,500 is included in cash and cash equivalents and is not available for operating purposes.

**CENTRAL FLORIDA COMMUNITY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

**NOTE 5 – 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, 2018, 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, 2018, 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 2015 forward are open to examination by federal authorities.

**NOTE 6 – 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 7 – 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 \$12,500 per year for the year 2018, 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, 2018 was approximately \$11,000.

**CENTRAL FLORIDA COMMUNITY ARTS, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2018**

**NOTE 8 – Lease Obligations**

The Organization leases a facility for its offices and programs. The lease term is through December 31, 2020, with a monthly base rent of \$750, plus a portion of utilities and usage fees. Rent expense was \$38,142 during the year.

Future minimum rent expense under the above lease is as follows:

<u>Year Ended December 31,</u>	
2019	\$ 9,000
2020	9,000
Thereafter	-
	<u>\$ 18,000</u>

**NOTE 9 – Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through June 18, 2019, which is the date the financial statements were issued. All subsequent events requiring recognition as of June 18, 2019 have been incorporated into these financial statements.