

THE CITY COLLEGE
CENTER FOR THE ARTS, INC.

Financial Statements and
Supplementary Information

June 30, 2018 and 2017

(With Independent Accountants' Review Report Thereon)

THE CITY COLLEGE CENTER FOR THE ARTS, INC.

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INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
The City College Center for the Arts, Inc.:

We have reviewed the accompanying financial statements of The City College Center for the Arts, Inc. (the CCA), as of June 30, 2018 and 2017 and for the years then ended, and the related notes to financial statements, which collectively comprise the CCA's financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

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.

Accountants' Responsibility

Our responsibility is to conduct the review engagements in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountants' Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 16, 2018

THE CITY COLLEGE CENTER FOR THE ARTS, INC.

Management's Discussion and Analysis

June 30, 2018

The intent of management's discussion and analysis (MD&A) is to provide readers with a comprehensive overview of The City College Center for the Arts, Inc.'s (the CCA) financial position as of June 30, 2018 and changes in its net position for the year then ended. Since this MD&A is designed to focus on current activities, resulting changes, and currently known facts, it should be read in conjunction with the accompanying reviewed financial statements and related notes.

Financial Highlights

- The CCA's net position increased by \$25,000 or 109%.
- Operating revenue increased by \$28,264 or 9%.
- Operating expenses increased by \$121,407 or 22%.

Financial Position

The CCA's net position, the difference between assets and liabilities is one way to measure the CCA's financial health or financial position. Over time, increases and decreases in the CCA's net position is one indicator of whether its financial health is improving.

Statements of Net Position

The following summarizes the CCA's assets, liabilities and net position as of June 30, 2018 and 2017, under the accrual basis of accounting:

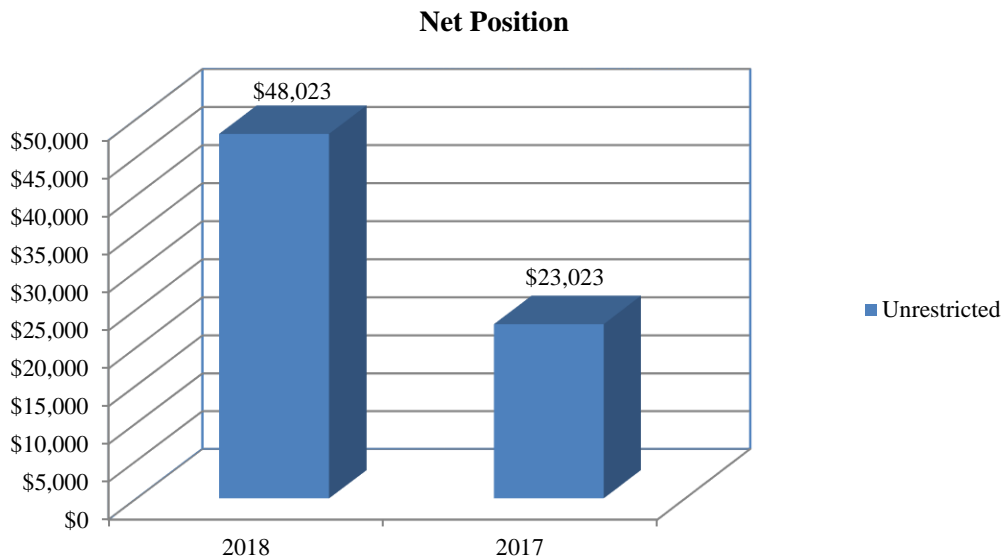
	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Assets	\$ <u>100,060</u>	<u>40,891</u>	<u>59,169</u>	145%
Liabilities	<u>52,037</u>	<u>17,868</u>	<u>34,169</u>	191%
Net position - unrestricted	\$ <u>48,023</u>	<u>23,023</u>	<u>25,000</u>	109%

THE CITY COLLEGE CENTER FOR THE ARTS, INC.
Management's Discussion and Analysis, Continued

At June 30, 2018, the CCA's net position increased by \$25,000 or 109%, compared to the year ended June 30, 2017. The major components of this variance were related to the increase in space and equipment rental income offset by higher performing arts expense. Assets increased by \$59,169 or 145% due to an increase in cash, which was caused by the timing of cash receipts and disbursements for operations. Liabilities increased by \$34,169 or 191%, primarily due to the timing of payments for salaries.

There were no other significant or unexpected changes in the CCA's assets and liabilities.

The following illustrates the CCA's net position at June 30, 2018 and 2017 by category:



THE CITY COLLEGE CENTER FOR THE ARTS, INC.
Management's Discussion and Analysis, Continued

Statements of Revenue, Expenses and Net Position

The statements of revenue, expenses and changes in net position present the operating results of the CCA, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the years ended June 30, 2018 and 2017 are as follows:

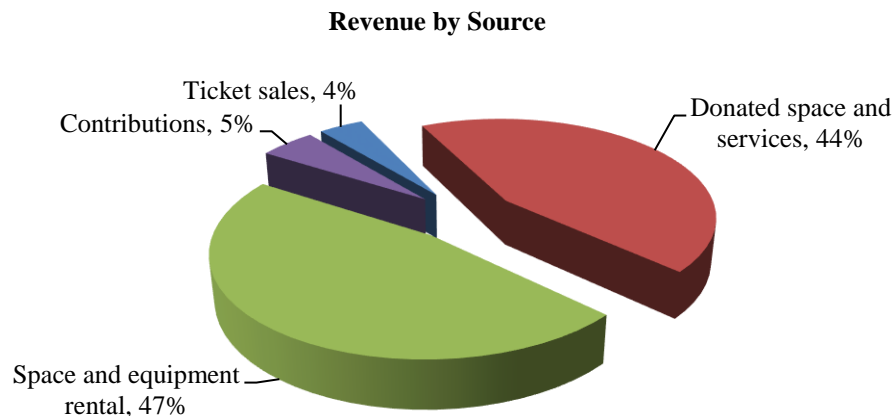
Revenue

	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating revenue:				
Ticket sales	\$ 31,091	46,334	(15,243)	(33%)
Donated space and services	<u>315,958</u>	<u>272,451</u>	<u>43,507</u>	16%
Total operating revenue	<u>347,049</u>	<u>318,785</u>	<u>28,264</u>	9%
Nonoperating revenue:				
Space and equipment rental	343,293	218,250	125,043	57%
Contributions	<u>33,865</u>	<u>28,663</u>	<u>5,202</u>	18%
Total nonoperating revenue	<u>377,158</u>	<u>246,913</u>	<u>130,245</u>	53%
Total revenue	\$ <u>724,207</u>	<u>565,698</u>	<u>158,509</u>	28%

The CCA's total revenue for the year ended June 30, 2018 amounted to \$724,207, an increase of \$158,509 or 28%, compared to the year ended June 30, 2017. The majorities of the variances were attributable to a decrease in ticket sales and an increase in space and equipment rental. Ticket sales decreased due to holding fewer events in fiscal year 2018. The increase in rental income resulted from providing space to the public for performances and various events.

There were no other significant or unexpected changes in the CCA's revenue.

The following illustrates the CCA's revenue, by source, for the year ended June 30, 2018:



THE CITY COLLEGE CENTER FOR THE ARTS, INC.
Management's Discussion and Analysis, Continued

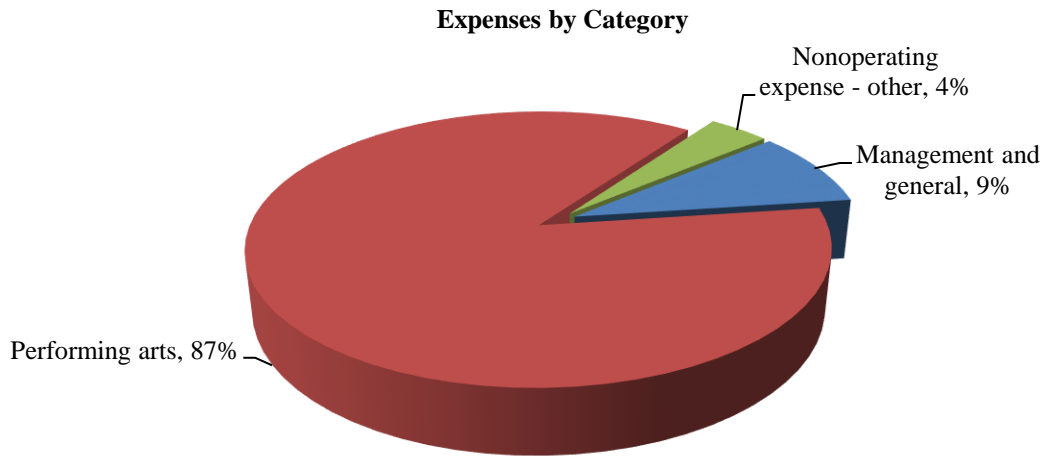
Expenses

	<u>2018</u>	<u>2017</u>	<u>Dollar change</u>	<u>Percent change</u>
Operating expenses:				
Performing arts	\$ 611,045	506,346	104,699	21%
Management and general	<u>62,908</u>	<u>46,200</u>	<u>16,708</u>	36%
Total operating expenses	673,953	552,546	121,407	22%
Nonoperating expenses - other	<u>25,254</u>	<u>4,855</u>	<u>20,399</u>	420%
Total expenses	\$ <u>699,207</u>	<u>557,401</u>	<u>141,806</u>	25%

Total expenses for the year ended June 30, 2018 were \$699,207, an increase of \$141,806 or 25% compared to the year ended to June 30, 2017. The major component of this variance was an increase in the performing arts expenses due to increases in the salaries of \$43,931, conferences of \$25,000 and supplies of \$9,523 in 2018.

There were no other significant or unexpected changes in the CCA's expenses.

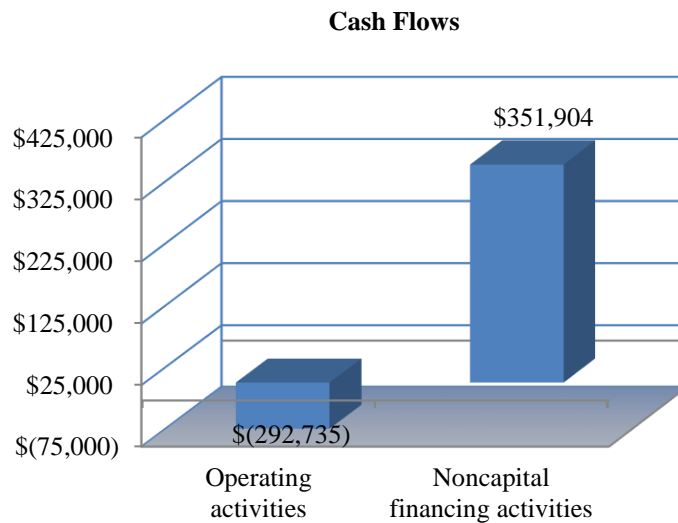
The following illustrates the CCA's expenses, by category, for the year ended June 30, 2018:



THE CITY COLLEGE CENTER FOR THE ARTS, INC.
Management's Discussion and Analysis, Continued

Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement assists users to assess the CCA's ability to generate net cash flows, meet its obligations as they come due, and its dependency on external financing. The following summarizes the CCA's cash flows for the year ended June 30, 2018:



Economic Factors That May Affect the Future

There are no known economic factors that may influence the future, with the exception of the number of performing art events held by the CCA and the rental activities, which directly relate to the amount of fees earned, as well as related expenses incurred.

THE CITY COLLEGE CENTER FOR THE ARTS, INC.
Statements of Net Position
June 30, 2018 and 2017

<u>Assets</u>	<u>2018</u>	<u>2017</u>
Current assets - cash and equivalents	<u>\$ 100,060</u>	<u>40,891</u>
<u>Liabilities</u>		
Current liabilities - accounts payable and accrued expenses	<u>52,037</u>	<u>17,868</u>
<u>Net Position</u>		
Unrestricted	<u>\$ 48,023</u>	<u>23,023</u>

See accompanying notes to financial statements.

THE CITY COLLEGE CENTER FOR THE ARTS, INC.
 Statements of Revenue, Expenses and Changes in Net Position
 Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Operating revenue:		
Ticket sales	\$ 31,091	46,334
Donated space and services (note 4)	<u>315,958</u>	<u>272,451</u>
Total operating revenue	<u>347,049</u>	<u>318,785</u>
Operating expenses:		
Performing arts	611,045	506,346
Supporting services - management and general	<u>62,908</u>	<u>46,200</u>
Total operating expenses	<u>673,953</u>	<u>552,546</u>
Loss from operations	<u>(326,904)</u>	<u>(233,761)</u>
Nonoperating revenue (expenses):		
Space and equipment rental	343,293	218,250
Contributions	33,865	28,663
Other nonoperating expense	<u>(25,254)</u>	<u>(4,855)</u>
Total nonoperating revenue, net	<u>351,904</u>	<u>242,058</u>
Increase in net position	25,000	8,297
Net position at beginning of year	<u>23,023</u>	<u>14,726</u>
Net position at end of year	<u>\$ 48,023</u>	<u>23,023</u>

See accompanying notes to financial statements.

THE CITY COLLEGE CENTER FOR THE ARTS, INC.
 Statements of Cash Flows
 Years ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Cash receipts from ticket sales	\$ 31,091	46,334
Cash payments to/for:		
Employees for salaries	(87,805)	(92,561)
Benefits	(12,599)	(10,802)
Vendors	(223,422)	(240,640)
Other	<u>-</u>	<u>(3,418)</u>
Net cash used in operating activities	<u>(292,735)</u>	<u>(301,087)</u>
Cash flows from noncapital financing activities:		
Space and equipment rental	343,293	218,250
Contributions	33,865	28,663
Other nonoperating expenses	<u>(25,254)</u>	<u>(4,855)</u>
Net cash provided by noncapital financing activities	<u>351,904</u>	<u>242,058</u>
Net increase (decrease) in cash and equivalents	59,169	(59,029)
Cash and equivalents at beginning of period	<u>40,891</u>	<u>99,920</u>
Cash and equivalents at end of period	<u>\$ 100,060</u>	<u>40,891</u>
Reconciliation of loss from operations to net cash used in operating activities:		
Loss from operations	(326,904)	(233,761)
Adjustments to reconcile loss from operations to net cash used in operating activities:		
Changes in - account payable and accrued expenses	<u>34,169</u>	<u>(67,326)</u>
Net cash used in operating activities	<u>\$ (292,735)</u>	<u>(301,087)</u>
Supplemental schedule of cash flow information:		
Donated space and services revenue	<u>\$ 315,958</u>	<u>272,451</u>
Donated professional services expense	133,558	105,251
Donated facilities expense	<u>182,400</u>	<u>167,200</u>
	<u>\$ 315,958</u>	<u>272,451</u>

See accompanying notes to financial statements.

THE CITY COLLEGE CENTER FOR THE ARTS, INC.

Notes to Financial Statements

June 30, 2018 and 2017

(1) Nature of Organization

The City College Center for the Arts, Inc. (the CCA) is a not-for-profit entity organization formed under the laws of the State of New York to serve the City College (the College) of the City University of New York (the University). The CCA serves for educational and cultural purposes to plan, develop, and promote cultural and artistic activities among the campus community of the College, and the residents of New York City metropolitan area. The CCA is primarily supported by contributions and service fees. The CCA began operations in February 2016.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The CCA's accounting policies conform to accounting principles generally accepted in the United States of America (GAAP) and applicable Governmental Accounting Standards Board (GASB) pronouncements.

For financial reporting purposes, the CCA is considered to be a special-purpose entity engaged only in business-type activities. GASB defines business-type activities as activities financed in whole or in part by fees charged to external parties for goods or services. Accordingly, the accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with GAAP, as prescribed by GASB. For financial reporting purposes, the CCA is also considered to be a discretely presented component unit of the University, as defined by GASB.

The above mentioned accounting pronouncements currently have no impact to the CCA.

(b) Net Position

The CCA's resources are classified into the following net position categories:

Net investment in capital assets - Capital assets, net of accumulated depreciation and outstanding principal balances of debt, if any, attributable to the acquisition, construction, or improvement of those assets.

Restricted - non-expendable - Net position subjects to externally imposed stipulations requiring the CCA to maintain them in perpetuity.

Restricted - expendable - Net position whose use is subject to externally imposed stipulations that can be fulfilled by the actions of the CCA or the passage of time.

Unrestricted - All other net position, including net position designated by actions, if any, of the CCA's Board of Directors.

At June 30, 2018, the CCA had no net investment in capital assets or restricted net positions.

THE CITY COLLEGE CENTER FOR THE ARTS, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(c) Cash and Equivalents

Cash and equivalents are comprised of highly liquid instruments with original maturities of 90 days or less.

(d) Receivables

Receivables are charged to bad debt expense when they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

(e) Revenue Recognition

Revenues are primarily derived from service fees according to fee schedules, and are recognized when services are provided. Contributions received are recorded as restricted - non-expendable, restricted - expendable or unrestricted, depending on the existence and or nature of any donor restrictions. Ticket sales are recognized in the period earned.

(f) Donated Space and Services

The CCA operates on the campus of the College and utilizes facilities and equipment, as well as personnel services of certain College employees. The cost savings associated with such arrangements are recorded as donated space and services, and are recognized as revenue and expenses in the accompanying statements of revenue, expenses and changes in net position, based on the fair value of such facilities and services (note 4).

(g) Functional Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of revenue, expenses and changes in net position. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

(h) Use of Estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

(i) Subsequent Events

The CCA has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued.

THE CITY COLLEGE CENTER FOR THE ARTS, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(j) Income Taxes

The CCA is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code (the Code), therefore, no provision for income taxes is reflected in the financial statements. The CCA has been classified as a publicly supported organization that is not a private foundation under Section 509(a) of the Code. In addition, the CCA is subject to income tax on net income that is derived from rental activities that are unrelated to their exempt purposes. The CCA files an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income. The CCA presently discloses or recognizes income tax positions based on management's estimate of whether it is reasonably possible or probable that a liability has been incurred for unrecognized income taxes. Management has concluded that the CCA has taken no uncertain tax positions that require adjustment in its financial statements. U.S. Forms 990 filed by the CCA are subject to examination by taxing authorities.

(3) Cash and Equivalents

Custodial credit risk of deposits is the risk that the CCA's deposits may not be returned in the event of a bank failure. At times, the CCA's cash and equivalents may exceed federally insured limits. Exposure to credit risk is reduced by placing such deposits in high credit quality financial institutions.

(4) Donated Space and Services

The CCA utilizes certain professional services and facilities provided by the College. The estimated value of professional services and facilities are included in revenue and expenses in the accompanying statements of revenue, expenses and changes in net position. The estimated value of professional services and facilities for the years ended June 30, 2018 and 2017 amounted to the following:

	<u>2018</u>	<u>2017</u>
Professional services	\$ 133,558	105,251
Facilities	<u>182,400</u>	<u>167,200</u>
Total	\$ <u>315,958</u>	<u>272,451</u>