

THE CITY COLLEGE
CENTER FOR THE ARTS, INC.

Financial Statements and
Supplementary Information

For the period February 1, 2016 through June 30, 2016
(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), which comprise the statement of net position as of June 30, 2016, and the related statements of revenue, expenses and changes in net position and cash flows for the period February 1, 2016 through June 30, 2016, and the related notes to financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of CCA's 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 engagement 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.

EFPR Group, CPAs, PLLC

Williamsville, New York
November 3, 2016

THE CITY COLLEGE CENTER FOR THE ARTS, INC.

Management's Discussion and Analysis

June 30, 2016

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, 2016 and changes in the net position for the period February 1, 2016 through June 30, 2016. 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 is \$14,726.
- Operating revenue is \$271,035.
- Operating expenses are \$355,450.

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. The CCA began operations in February 2016.

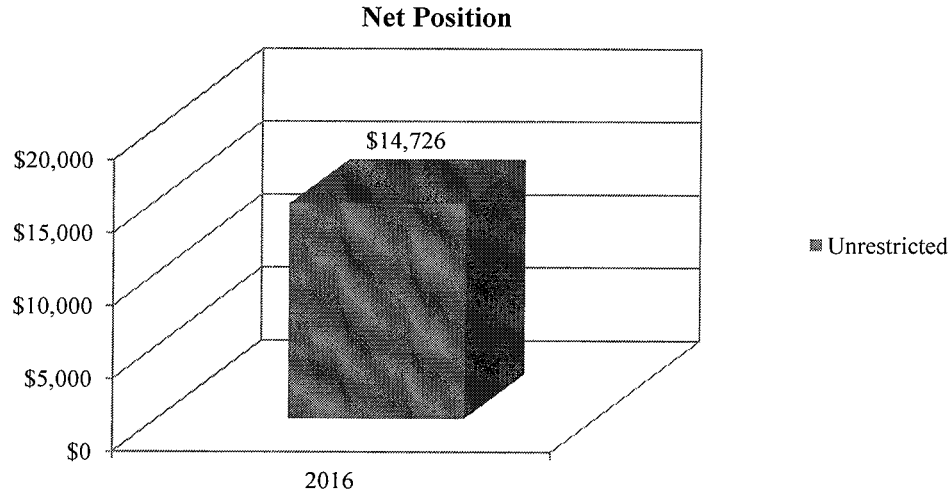
Statement of Net Position

The following summarizes the CCA's assets, liabilities, and net position as of June 30, 2016, under the accrual basis of accounting:

Assets	\$ <u>99,920</u>
Liabilities	<u>85,194</u>
Net position - unrestricted	\$ <u>14,726</u>

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

The following illustrates the CCA's net position at June 30, 2016 by category:



Statement of Revenue, Expenses and Net Position

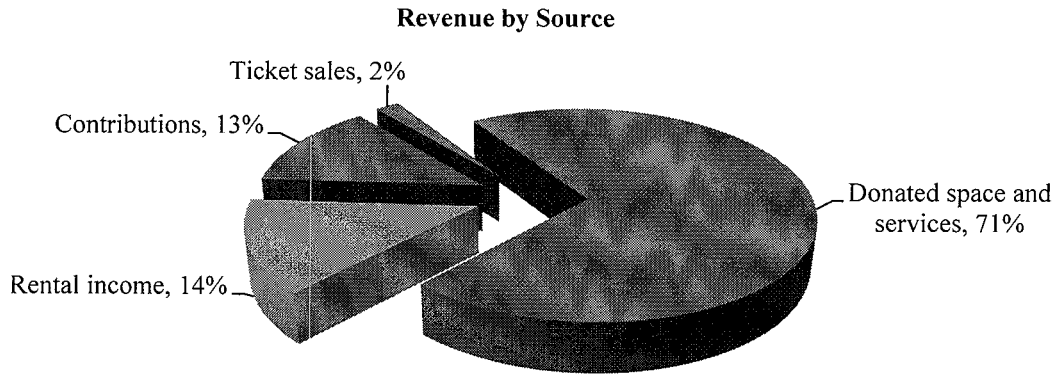
The statement of revenue, expenses and changes in net position present the operating results of the CCA, as well as nonoperating revenue and expenses, if any. The major components of revenue and expenses for the period February 1, 2016 through June 30, 2016 are as follows:

Revenue

Operating revenue:	
Ticket sales	\$ 8,152
Donated space and services	<u>262,883</u>
Total operating revenue	<u>271,035</u>
Nonoperating revenue:	
Rental income	50,388
Contributions	<u>48,753</u>
Total nonoperating revenue	<u>99,141</u>
Total revenue	\$ <u>370,176</u>

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

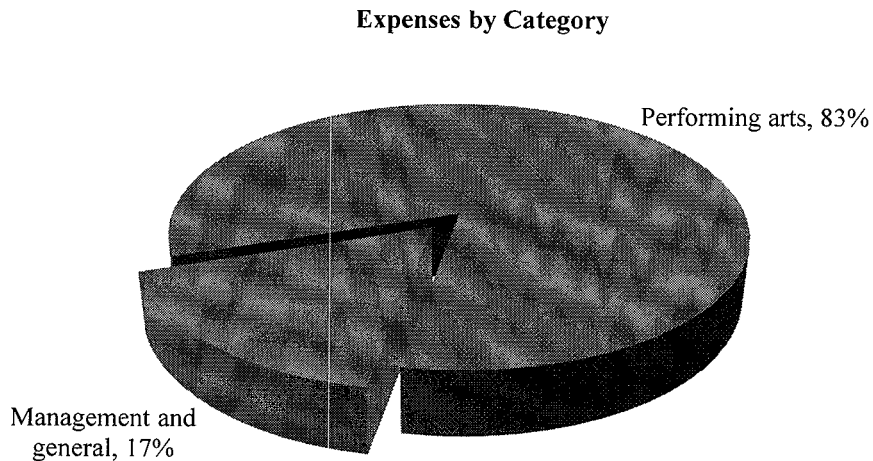
The following illustrates the CCA's revenue, by source, for the period February 1, 2016 through June 30, 2016:



Expenses

Operating expenses:	
Performing arts	\$ 296,299
Management and general	<u>59,151</u>
Total operating expenses	\$ <u>355,450</u>

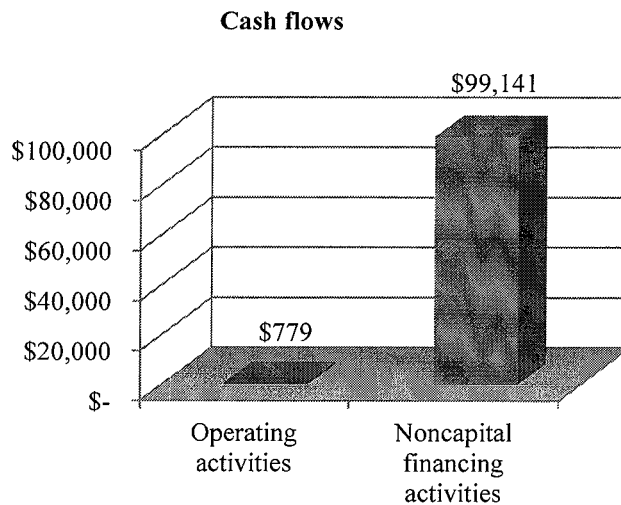
The following illustrates the CCA's expenses, by category, for the period February 1, 2016 through June 30, 2016:



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 period February 1, 2016 through June 30, 2016. 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 period February 1, 2016 through June 30, 2016:



Economic Factors That May Affect the Future

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

THE CITY COLLEGE CENTER FOR THE ARTS, INC.
Statement of Net Position
June 30, 2016

<u>Assets</u>	
Current assets - cash	<u>\$ 99,920</u>
<u>Liabilities</u>	
Current liabilities - accounts payable and accrued expenses	<u>85,194</u>
<u>Net Position</u>	
Net position - unrestricted	<u>\$ 14,726</u>

See accompanying notes to financial statements and independent accountants' review report.

THE CITY COLLEGE CENTER FOR THE ARTS, INC.
Statement of Revenue, Expenses and Changes in Net Position
For the period February 1, 2016 through June 30, 2016

Operating revenue:	
Ticket sales	\$ 8,152
Donated space and services (note 4)	<u>262,883</u>
Total operating revenue	<u>271,035</u>
Operating expenses:	
Performing arts	296,299
Supporting services - management and general	<u>59,151</u>
Total operating expenses	<u>355,450</u>
Loss from operations	<u>(84,415)</u>
Nonoperating revenue:	
Rental income	50,388
Contributions	<u>48,753</u>
Total nonoperating revenue	<u>99,141</u>
Increase in net position	14,726
Net position at beginning of year	<u>-</u>
Net position at end of year	<u><u>\$ 14,726</u></u>

See accompanying notes to financial statements and independent accountants' review report.

THE CITY COLLEGE CENTER FOR THE ARTS, INC.
Statement of Cash Flows
For the period February 1, 2016 through June 30, 2016

Cash flows from operating activities:	
Cash receipts from ticket sales	\$ 8,152
Cash payments to/for vendors	<u>(7,373)</u>
Net cash provided by operating activities	<u>779</u>
Cash flows from noncapital financing activities:	
Rental income	50,388
Contributions	<u>48,753</u>
Net cash provided by noncapital financing activities	<u>99,141</u>
Net increase in cash and equivalents	99,920
Cash and equivalents at beginning of period	<u>-</u>
Cash and equivalents at end of period	<u><u>\$ 99,920</u></u>
Reconciliation of loss from operations to net cash provided by operating activities:	
Operating loss	(84,415)
Adjustments to reconcile loss from operations to net cash provided by operating activities:	
Changes in - account payable and accrued expenses	<u>85,194</u>
Net cash provided by operating activities	<u><u>\$ 779</u></u>
Supplemental schedule of cash flow information:	
Donated space and services	<u>\$ 262,883</u>
Donated professional services	<u>\$ 103,283</u>
Donated facilities	<u>159,600</u>
	<u><u>\$ 262,883</u></u>

See accompanying notes to financial statements and independent accountants' review report.

THE CITY COLLEGE CENTER FOR THE ARTS, INC.

Notes to Financial Statements

June 30, 2016

(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 government 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.

(b) Accounting Pronouncements

The significant GASB standards followed by the CCA are summarized below:

- GASB Statement No. 63 - "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position." This Statement amends the net asset reporting requirements in Statement No. 34 - "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments" and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.
- GASB Statement No. 65 - "Items Previously Reported as Assets and Liabilities." This Statement established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes as outflows of resources or inflows of resources, certain items that were previously reported as assets or liabilities.

THE CITY COLLEGE CENTER FOR THE ARTS, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(b) Accounting Pronouncements, Continued

- GASB Statement No. 72 - "Fair Value Measurement and Application" provides guidance regarding accounting and financial reporting related to fair value measures of certain investments. The requirements of this Statement are effective for periods beginning after June 15, 2015. For the CCA, this Statement became effective for the fiscal year beginning July 1, 2015.
- GASB Statement No. 79 - "Certain External Investment Pools and Pool Participants." This Statement, issued in December 2015, addresses the accounting and financial reporting for certain external investment pools and pool participants. It establishes the criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The provisions of this Statement are effective for financial statements for years beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk and shadow pricing. For the CCA, this Statement became effective for the fiscal year beginning July 1, 2015.

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

(c) 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 attributable to the acquisition, construction, or improvement of those assets.

Restricted - non-expendable - Net position subject 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 of the CCA's Board of Directors.

At June 30, 2016, the CCA had no net investment in capital assets or restricted net positions.

(d) Cash and Equivalents

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

THE CITY COLLEGE CENTER FOR THE ARTS, INC.

Notes to Financial Statements, Continued

(2) Summary of Significant Accounting Policies, Continued

(e) 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.

(f) 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.

(g) 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 statement of revenue, expenses and changes in net position, based on the fair value of such facilities and services (note 4).

(h) Functional Expenses

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

(i) 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.

(j) 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

(k) 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. 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.

(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 statement of revenues, expenses and changes in net position. The estimated value of professional services and facilities for the year ended June 30, 2016 amounted to the following:

Professional services	\$ 103,283
Facilities	<u>159,600</u>
Total	\$ <u>262,883</u>