

**AFRICAN AMERICAN ART
AND CULTURE COMPLEX
AUDITED FINANCIAL
STATEMENTS
JUNE 30, 2020**

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JUNE 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
African American Art And Culture Complex
San Francisco, California

We have audited the accompanying financial statements of African American Art And Culture Complex (a nonprofit organization), which comprise the statement of financial position as of June 30, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of African American Art And Culture Complex as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Grant & Smith, LLP

Oakland, California
August 18, 2021

AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020

ASSETS

Current Assets

Cash & Cash Equivalents	\$ 575,752
Grants & Contracts Receivable	545,941
Prepaid Expenses & Deposits	<u>30,515</u>
Total Current Assets	<u>1,152,208</u>

Fixed Assets

Furniture, Fixtures & Equipment	171,511
Less Accumulated Depreciation	<u>(167,941)</u>
Net Fixed Assets	<u>3,570</u>

TOTAL ASSETS	<u><u>\$ 1,155,778</u></u>
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LIABILITIES & NET ASSETS

Current Liabilities

Accounts Payable	\$ 122,432
Accrued Expenses	12,534
Deferred Revenue	<u>14,580</u>
Total Current Liabilities	<u>149,546</u>

Total Liabilities	<u>149,546</u>
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Net Assets

Without Donor Restrictions	760,399
With Donor Restrictions	<u>245,833</u>
Total Net Assets	<u>1,006,232</u>

TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 1,155,778</u></u>
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See accompanying notes.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Support & Revenue			
Grants & Contracts	\$ 1,559,812	\$ 250,000	\$ 1,809,812
Fiscal Sponsorship	385,718		385,718
Fiscal Sponsorship Admin	28,953		28,953
Rental Income	69,045		69,045
Donations	12,617		12,617
Other Income	16,482		16,482
Net Assets Released From Restrictions	<u>4,167</u>	<u>(4,167)</u>	<u></u>
 Total Support & Revenue	 2,076,794	 245,833	 2,322,627
 Operating Expenses			
Program Services	1,393,485		1,393,485
General & Administration	<u>171,759</u>	<u></u>	<u>171,759</u>
 Total Expenses	 1,565,244		 1,565,244
 CHANGE IN NET ASSETS	 511,550	 245,833	 757,383
 NET ASSETS, BEGINNING OF THE YEAR	 <u>248,849</u>	 <u></u>	 <u>248,849</u>
 NET ASSETS, END OF THE YEAR	 <u><u>\$ 760,399</u></u>	 <u><u>\$ 245,833</u></u>	 <u><u>\$ 1,006,232</u></u>

See accompanying notes.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2020</u>
Cash Flow From Operating Activities	
Changes in Net Assets	\$ 757,383
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:	
Depreciation	
(Increases)/Decreases in Operating Assets:	
Grants & Contracts Receivable	(428,245)
Prepaid Expenses & Deposits	7,423
Increases/(Decreases) in Operating Liabilities	
Accounts Payable	117,954
Deferred Revenue	(4,378)
Accrued Expenses	7,307
Net Cash Provided/(Used) by Operating Activities	<u>457,444</u>
Cash Flows From Investing Activities	
Purchases of Fixed Assets	<u>(3,570)</u>
Net Cash Used by Investing Activities	(3,570)
 Net Increase/(Decrease) in Cash	 453,874
 Cash at the Beginning of the Year	 <u>121,878</u>
 Cash at the End of the Year	 <u><u>\$ 575,752</u></u>
 <i>Supplement disclosure for cash flow information:</i>	
Cash paid for:	
Interest	<u>\$</u>
Tax	<u>\$</u>

See accompanying notes.

**AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020**

	Program Services	Management & General	Total
EXPENSES			
Salaries & Related Expenses			
Salaries & Wages	\$ 227,243	\$ 82,885	\$ 310,128
Employee Benefits & Taxes	57,375	19,869	77,244
Total Salaries & Related Expenses	284,618	102,754	387,372
Other Operating Expenses			
Bank Fees		2,793	2,793
Repair & Maintenance	18,926	152	19,078
Telephone	6,368		6,368
Utilities	30,755	341	31,096
Office Supplies	1,493	863	2,356
Program Events	52,593	3,049	55,642
Program Contractor	231,101	24,071	255,172
Program Supplies	90,330	3,794	94,124
Postage & Shipping	1,121	84	1,205
Equipment Related	19,319		19,319
Printing & Copying	2,782		2,782
Travel	2,422	444	2,866
Meeting Expense	3,408	2,812	6,220
Professional Services	155,395	7,030	162,425
Fiscal Sponsorship	405,974		405,974
Fiscal Sponsorship Admin	28,953		28,953
Advertising	2,266		2,266
Insurance	23,178	435	23,613
Bad Debt		18,449	18,449
Miscellaneous	18,394	348	18,742
Taxes	14,089	4,340	18,429
TOTAL EXPENSES	\$ 1,393,485	\$ 171,759	\$ 1,565,244

See accompanying notes.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The African American Art and Culture Complex (Organization) was incorporated July 23, 2003. It has been granted the status of an exempt, nonprofit arts and cultural organization as provided by the Internal Revenue Service code section 501(C)(3) to nurture and facilitate the empowerment of its community through Afro-centric artistic and cultural expression, mediums education and programming.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method, revenues are recorded when rights to receive are earned, or when services have been provided and expenditures are recorded when obligation to pay is incurred.

Financial Statement Presentation

As required, the accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by the classification of net assets and transactions into the following classes of assets:

Net Assets without Donor Restrictions - Net assets not subject to donor-imposed stipulations.

Net Assets with Donor Restrictions - Net assets subject to donor-imposed stipulations that may or will be met by actions of the Organization and/or the passage of time, and may be maintained permanently by the Organization

The Organization uses net assets with donor restrictions in accordance with donor-imposed restrictions to support specific programs and associated administrative functions. Net assets without donor restrictions are used to support general programs and associated general and administrative functions.

Revenue Recognition

Contributions received are recorded as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions.

All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished) net assets with donor restriction are reclassified to without donor restrictions and reported in the statement of activities as net assets released from restrictions.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash & Cash Equivalents

For purposes of the statement of financial position and statement of cash flows, the Organization considers all highly liquid investments, which are readily convertible into known amounts of cash and have a maturity of three months or less when acquired, to be cash equivalents.

Grants & Contracts Receivable

Grants receivable consist of amounts due from funding sources, as described in Note 3, and are stated at estimated net realizable value. Allowance for doubtful accounts at June 30, 2020 is \$18,449.

Fair Value of Financial Instruments

The carrying amounts of cash equivalents are at approximate fair values due to the short-term maturities of these instruments.

Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment are stated at cost. Donated assets, if any, are stated at estimated fair value when received. All furniture, fixtures, and equipment with costs in excess of \$1,000 and having a life over one year are capitalized unless otherwise required by a grantor. Repairs and maintenance are expensed as incurred whereas significant improvements, which materially increases value or extends the life of the asset, are capitalized and depreciated over the estimated useful life.

Depreciation is computed on a straight-line basis over estimated lives, ranging from five to ten years. At fiscal year ending June 30, 2020, the Organization did not incur any depreciation expense.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Income Taxes

The Organization is exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code and is exempt from California franchise tax under section 23701(d) of the Revenue and Taxation Code. Accordingly, no provisions for income or franchise taxes have been made. The Organization has been determined by the Internal Revenue Service to be classified as a publicly supported organization as described in Section 509 (a)(1) of the Internal Revenue Code.

GAAP provides accounting and disclosure guidance about positions taken by an organization in its tax returns that might be uncertain. Management has considered its tax positions and believes that all of the positions taken by the Organization in its federal and state exempt organization tax returns are more likely than not to be sustained upon examination.

Functional Expense Reporting

The cost of providing the Organization's programs has been summarized on a functional basis in these financial statements. Accordingly, costs have been allocated among programs and supporting services based on actual employee time spent by functional and management estimates.

Compensated Absences

Employees of the Organization are entitled to be paid for unused vacation day, depending on job classification, length of service and other factors. The Organization has recorded a liability for vacation as of June 30, 2020 in the amount of \$12,534.

NOTE 2 – CASH & CASH EQUIVALENTS

The balance as of June 30, 2020, consisted of:

First Republic	\$ 541,550
PayPal	25,500
Bill.com	8,702
Total	<u>\$ 575,752</u>

\$291,500 in First Republic Bank is not FDIC insured.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 - GRANTS & CONTRACTS RECEIVABLE

At June 30, 2020, grants and contracts receivable consisted of the following:

City & County of San Francisco	\$ 428,862
Vanguard Charitable	100,000
Others	17,079
Total	<u>\$ 545,941</u>

The \$100,000 Vanguard Charitable Receivable is restricted.

NOTE 4 – IN KIND CONTRIBUTION OF SERVICES AND FACILITIES

The organization does not record various types of in-kind contribution according to FASB Accounting Standards Codification 958-605-25. This pronouncement requires recognition of professional services received if those services (a) create or enhance long lived assets or (b) require specialized skills; are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services received during the year ended June 30, 2020 are not reflected in the financial statements.

During the year ended June 30, 2020, the organization received donated facility in connection with its operations from the City and County of San Francisco. The fair value for the use of this facility was \$1,067,941.

NOTE 5 – LIQUIDITY & AVAILABILITY

Cash & Cash Equivalents	\$ 575,752
Grants & Contract Receivable	<u>545,941</u>
Total Liquid Financial Assets	1,121,693
Less: Restricted Receivable & Net Assets With Donor Restriction	<u>(345,833)</u>
Financial Assets Available to Meet Cash Needs of General Expenditures within One Year	<u><u>\$ 775,860</u></u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

On June 30th, 2020 the Organizations net assets with donor restrictions consisted of

Vanguard Charitable Trust (Time Restriction)	\$ 200,000
East Bay Foundation (Purpose Restriction)	<u>45,833</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 245,833</u></u>

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 7 COVID-19

On March 11, 2020 the World Health Organization declared the novel stain of corona virus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The ultimate financial impact and duration of these events cannot be reasonably estimated at this time.

NOTE 8 - SUBSEQUENT EVENTS

Management of the Organization has reviewed the results of operations for the period of time from its year ended June 30, 2020, through August 18, 2021 the date the financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

