

**AFRICAN AMERICAN ART
AND CULTURE COMPLEX
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2021**

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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, 2021, 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.

— (1) —

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, 2021, 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.

Report on Summarized Comparative Information

We have previously audited African American Art And Culture Complex's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated August 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Grant & Smith, LLP

Oakland, California
July 27, 2022

(2)

AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021
(With Summarized Totals for 2020)

ASSETS	2021	2020
Current Assets		
Cash & Cash Equivalents	\$ 1,005,791	\$ 575,752
Grants & Contracts Receivable	400,911	545,941
Prepaid Expenses & Deposits	23,516	30,515
Total Current Assets	<u>1,430,218</u>	<u>1,152,208</u>
Fixed Assets		
Furniture, Fixtures & Equipment	173,474	171,511
Less Accumulated Depreciation	(168,851)	(167,941)
Net Fixed Assets	<u>4,623</u>	<u>3,570</u>
TOTAL ASSETS	<u><u>\$ 1,434,841</u></u>	<u><u>\$ 1,155,778</u></u>
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 78,024	\$ 122,432
Accrued Expenses	16,560	12,534
Deferred Revenue	24,750	14,580
Total Current Liabilities	<u>119,334</u>	<u>149,546</u>
Total Liabilities	<u><u>119,334</u></u>	<u><u>149,546</u></u>
Net Assets		
Without Donor Restrictions	1,079,674	760,399
With Donor Restrictions	235,833	245,833
Total Net Assets	<u>1,315,507</u>	<u>1,006,232</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 1,434,841</u></u>	<u><u>\$ 1,155,778</u></u>

See accompanying notes.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(With Summarized Totals for 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support & Revenue				
Grants & Contracts	\$ 1,326,854	\$ 217,500	\$ 1,544,354	\$ 1,809,812
Fiscal Sponsorship	290,368		290,368	385,718
Fiscal Sponsorship Admin	29,133		29,133	28,953
Rental Income	44,670		44,670	69,045
Donations	11,197		11,197	12,617
Other Income				16,482
Net Assets Released From Restrictions	<u>227,500</u>	<u>(227,500)</u>		
Total Support & Revenue	1,929,722	(10,000)	1,919,722	2,322,627
Operating Expenses				
Program Services	1,500,440		1,500,440	1,393,485
General & Administration	<u>110,007</u>		<u>110,007</u>	<u>171,759</u>
Total Expenses	1,610,447		1,610,447	1,565,244
CHANGE IN NET ASSETS	319,275	(10,000)	309,275	757,383
NET ASSETS, BEGINNING OF THE YEAR	<u>760,399</u>	<u>245,833</u>	<u>1,006,232</u>	<u>248,849</u>
NET ASSETS, END OF THE YEAR	<u>\$ 1,079,674</u>	<u>\$ 235,833</u>	<u>\$ 1,315,507</u>	<u>\$ 1,006,232</u>

See accompanying notes.
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AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(With Summarized Totals for 2020)

	2021	2020
Cash Flow From Operating Activities		
Changes in Net Assets	\$ 309,275	\$ 757,383
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	910	
(Increases)/Decreases in Operating Assets:		
Grants & Contracts Receivable	145,030	(428,245)
Prepaid Expenses & Deposits	6,999	7,423
Increases/(Decreases) in Operating Liabilities		
Accounts Payable	(44,408)	117,954
Deferred Revenue	10,170	(4,378)
Accrued Expenses	4,026	7,307
Net Cash Provided/(Used) by Operating Activities	<u>432,002</u>	<u>457,444</u>
Cash Flows From Investing Activities		
Purchases of Fixed Assets	<u>(1,963)</u>	<u>(3,570)</u>
Net Cash Used by Investing Activities	<u>(1,963)</u>	<u>(3,570)</u>
Net Increase/(Decrease) in Cash	430,039	453,874
Cash at the Beginning of the Year	<u>575,752</u>	<u>121,878</u>
Cash at the End of the Year	<u>\$ 1,005,791</u>	<u>\$ 575,752</u>
<i>Supplement disclosure for cash flow information:</i>		
Cash paid for:		
Interest	\$ _____	\$ _____
Tax	\$ _____	\$ _____

See accompanying notes.
(6)

AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(With Summarized Totals for 2020)

	2021		2020	
	Management			
	Program Services	& General	Total	Total
EXPENSES				
Salaries & Related Expenses				
Salaries & Wages	\$ 392,767	\$ 19,849	\$ 412,616	\$ 310,128
Employee Benefits & Taxes	101,087	5,186	106,273	77,244
Total Salaries & Related Expenses	<u>493,854</u>	<u>25,035</u>	<u>518,889</u>	<u>387,372</u>
Other Operating Expenses				
Bank Fees		410	410	2,793
Repair & Maintenance	18,523	1,198	19,721	19,078
Telephone	13,836	95	13,931	6,368
Utilities	30,019	1,169	31,188	31,096
Office Supplies	390	16	406	2,356
Program Events	224,887	22,932	247,819	55,642
Program Contractor	177,251	14,369	191,620	255,172
Program Supplies	30,429	7,933	38,362	94,124
Postage & Shipping	28	25	53	1,205
Equipment Related	18,232	605	18,837	19,319
Printing & Copying	1,179		1,179	2,782
Travel	937	45	982	2,866
Meeting Expense	2,239	900	3,139	6,220
Professional Services	133,018	10,769	143,787	162,425
Fiscal Sponsorship	283,055	14,674	297,729	405,974
Fiscal Sponsorship Admin	29,133		29,133	28,953
Advertising	2,902	198	3,100	2,266
Insurance	25,337	1,648	26,985	23,613
Miscellaneous	14,710	5,865	20,575	18,449
Taxes, Penalties & Fees	481	1,211	1,692	18,742
Depreciation		910	910	18,429
TOTAL EXPENSES	<u>\$ 1,500,440</u>	<u>\$ 110,007</u>	<u>\$ 1,610,447</u>	<u>\$ 1,565,244</u>

See accompanying notes.
(5)

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021**

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. At June 30, 2021 grants and contracts receivable was \$140,170.

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, 2021, the Organization incurred \$910 in depreciation expenses.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021 in the amount of \$13,431.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued an accounting pronouncement (FASB ASU 2016-02) related to the accounting for leases. This pronouncement requires lessees to record most leases on their balance sheet, while expense recognition on the income statement remains similar to current lease accounting guidance. The guidance also eliminates real estate- specific provisions and modifies certain aspects of lessor accounting. Under the new guidance, lease classification as either a finance lease or an operating lease will determine how lease-related revenue and expense are recognized. Lessees (for capital and operating leases) and lessors (for sales-type, direct financing, and operating leases) must apply a modified retrospective transition approach for leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

The modified retrospective approach would not require any transition accounting for leases that expired before the earliest comparative period presented. Lessees and lessors may not apply a full retrospective transition approach. Nonpublic business entities should apply the amendments for fiscal years beginning after December 15, 2020 (i.e., January 1, 2020, for a calendar year entity), and interim periods within fiscal years beginning after December 15, 2021. Early application is permitted. ASU 2016-02 has currently no effect on the Organization's financials.

Comparative Information

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was extracted. Certain amounts in the prior year financial statements have been reclassified for comparison purposes to conform to the current year presentation.

NOTE 2 – CASH & CASH EQUIVALENTS

The balance as of June 30, 2021, consisted of:

First Republic	\$ 934,591
PayPal	60,961
Bill.com	10,239
Total	<u>\$ 1,005,791</u>

\$684,591 in First Republic Bank is not FDIC insured.

NOTE 3 - GRANTS & CONTRACTS RECEIVABLE

At June 30, 2021, grants and contracts receivable consisted of the following:

City & County of San Francisco	\$ 57,500
Vanguard Charitable	260,741
MOHCD	67,391
Others	15,279
Total	<u>\$ 400,911</u>

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 - GRANTS & CONTRACTS RECEIVABLE (CONTINUED)

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, 2021 are not reflected in the financial statements.

During the year ended June 30, 2021, 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	\$ 1,005,791
Grants & Contract Receivable	400,911
Total Liquid Financial Assets	<u>1,406,702</u>
Less: Restricted Receivable & Net Assets With Donor	
Restriction	<u>(235,833)</u>
Financial Assets Available to Meet Cash Needs of General	
Expenditures within One Year	<u>\$ 1,170,869</u>

NOTE 6 NET ASSETS WITH DONOR RESTRICTIONS

On June 30th, 2021 the Organizations net assets with donor restrictions consisted of

Vanguard Charitable Trust (Time Restriction)	\$ 100,000
Albertson's Companies	75,000
Gucci Foundation	33,333
San Francisco Foundation	10,000
Tito's Handmade Vodka	10,000
Tides Center (Purpose Restriction)	<u>7,500</u>
Total Net Assets With Donor Restrictions	<u>\$ 235,833</u>

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 7 COVID-19

On March 11, 2021 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, 2021, through July 27, 2022 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.