

**AFRICAN AMERICAN ART AND CULTURE COMPLEX
AUDITED FINANCIAL STATEMENTS
JUNE 30, 2022**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of African American Art And Culture Complex and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about African American Art And Culture Complex's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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(1)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 African American Art And Culture Complex's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about African American Art And Culture Complex's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

(2)

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

Report on Summarized Comparative Information

We have previously audited African American Art And Culture Complex's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 27, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 3, 2024, on our consideration of African American Art And Culture Complex's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of African American Art And Culture Complex's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering African American Art And Culture Complex's internal control over financial reporting and compliance.

Grant & Smith, LLP

Oakland, California
January 3, 2024

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AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2022
(With Summarized Totals for 2021)

ASSETS	2022	2021
Current Assets		
Cash & Cash Equivalents	\$ 1,801,189	\$ 1,005,791
Grants & Contracts Receivable	1,069,453	400,911
Prepaid Expenses & Deposits	14,647	23,516
Total Current Assets	<u>2,885,289</u>	<u>1,430,218</u>
Fixed Assets		
Furniture, Fixtures & Equipment	184,474	173,474
Less Accumulated Depreciation	(171,561)	(168,851)
Net Fixed Assets	<u>12,913</u>	<u>4,623</u>
TOTAL ASSETS	<u><u>\$ 2,898,202</u></u>	<u><u>\$ 1,434,841</u></u>
LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 254,329	\$ 78,024
Accrued Expenses	19,059	16,560
Deferred Revenue	1,387,217	24,750
Total Current Liabilities	<u>1,660,605</u>	<u>119,334</u>
 Total Liabilities	 <u>1,660,605</u>	 <u>119,334</u>
Net Assets		
Without Donor Restrictions	998,847	1,079,674
With Donor Restrictions	238,750	235,833
Total Net Assets	<u>1,237,597</u>	<u>1,315,507</u>
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 2,898,202</u></u>	<u><u>\$ 1,434,841</u></u>

See accompanying notes.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Totals for 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support & Revenue				
Grants & Contracts	\$ 1,750,632	\$ 231,250	\$ 1,981,882	\$ 1,544,354
Fiscal Sponsorship	1,015,868		1,015,868	290,368
Fiscal Sponsorship Admin	35,130		35,130	29,133
Rental Income	-		-	44,670
Donations	29,441		29,441	11,197
Other Income	9,577		9,577	
Net Assets Released From Restrictions	<u>228,333</u>	<u>(228,333)</u>		
Total Support & Revenue	3,068,981	2,917	3,071,898	1,919,722
Operating Expenses				
Program Services	2,965,505		2,965,505	1,500,440
General & Administration	<u>184,303</u>		<u>184,303</u>	<u>110,007</u>
Total Expenses	3,149,808		3,149,808	1,610,447
CHANGE IN NET ASSETS	(80,827)	2,917	(77,910)	309,275
NET ASSETS, BEGINNING OF THE YEAR	<u>1,079,674</u>	<u>235,833</u>	<u>1,315,507</u>	<u>1,006,232</u>
NET ASSETS, END OF THE YEAR	<u>\$ 998,847</u>	<u>\$ 238,750</u>	<u>\$ 1,237,597</u>	<u>\$ 1,315,507</u>

See accompanying notes.
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AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Totals for 2021)

	2022								2021		
	Program Services				Total Program Services	Management			Total		
	Social Innovation	Social Justice	Social Service	Other Programs		& General	Fundraising				
EXPENSES											
Salaries & Related Expenses											
Salaries & Wages	\$ 21,050	1,283	\$ 381,906	\$ -	\$ 404,239	\$ 32,627	\$ -	\$ 436,866	\$ 412,616		
Employee Benefits & Taxes	5,319	303	97,166		102,788	7,688		110,476	106,273		
Total Salaries & Related Expenses	26,369	1,586	479,072		507,027	40,315		547,342	518,889		
Other Operating Expenses											
Bank Fees						124		124	410		
Repair & Maintenance									19,721		
Telephone	255	11	10,510		10,776	458		11,234	13,931		
Utilities	1,725	93	35,203		37,021	3,362		40,383	31,188		
Office Supplies	27	1	5,262		5,290	38		5,328	406		
Program Events	61,269	5,800	145,644	161,358	374,071	28,844		402,915	247,819		
Program Contractor	21,349	3,266	374,941	46,445	446,001	26,922		472,923	191,620		
Program Supplies	984	96	33,394	5,062	39,536	17,593		57,129	38,362		
Postage & Shipping	2	1	329	3	335	133		468	53		
Equipment Related	7,036	4,879	91,446	111,455	214,816	(1,291)		213,525	18,837		
Printing & Copying	7		156	534	697	875		1,572	1,179		
Travel	61		1,220	139	1,420	412		1,832	982		
Meeting Expense	113	82	7,169	5,335	12,699	2,320		15,019	3,139		
Professional Services	25,876	116	214,391	26,659	267,042	4,291		271,333	143,787		
Fiscal Sponsorship	34,400	17,600	118,581	725,250	895,831	26,250		922,081	297,729		
Fiscal Sponsorship Admin		1,800	18,580	12,000	32,380	2,750		35,130	29,133		
Advertising	11		1,316		1,327	9,141		10,468	3,100		
Insurance	2,933	769	60,927		64,629	5,265		69,894	26,985		
Miscellaneous	2,088	1,037	38,398	5,695	47,218	13,222		60,440	20,575		
Taxes, Penalties & Fees	1		1,376	3,931	5,308	651		5,959	1,692		
Depreciation	187		1,894		2,081	628		2,709	910		
Donation Expense						2,000		2,000			
Total Other Operating Expenses	158,324	35,551	1,160,737	1,103,866	2,458,478	143,988	-	2,602,466	1,091,558		
TOTAL EXPENSES	\$ 184,693	\$ 37,137	\$ 1,639,809	\$ 1,103,866	\$ 2,965,505	\$ 184,303	\$ -	\$ 3,149,808	\$ 1,610,447		

See accompanying notes.
(6)

AFRICAN AMERICAN ART AND CULTURE COMPLEX
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022
(With Summarized Totals for 2021)

	2022	2021
Cash Flow From Operating Activities		
Changes in Net Assets	\$ (77,910)	\$ 309,275
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	2,709	910
(Increases)/Decreases in Operating Assets:		
Grants & Contracts Receivable	(668,542)	145,030
Prepaid Expenses & Deposits	8,870	6,999
Increases/(Decreases) in Operating Liabilities		
Accounts Payable	176,305	(44,408)
Deferred Revenue	1,362,467	10,170
Accrued Expenses	2,499	4,026
Net Cash Provided/(Used) by Operating Activities	<u>806,398</u>	<u>432,002</u>
Cash Flows From Investing Activities		
Purchases of Fixed Assets	(11,000)	(1,963)
Net Cash Used by Investing Activities	<u>(11,000)</u>	<u>(1,963)</u>
Net Increase/(Decrease) in Cash	795,398	430,039
Cash at the Beginning of the Year	<u>1,005,791</u>	<u>575,752</u>
Cash at the End of the Year	<u>\$ 1,801,189</u>	<u>\$ 1,005,791</u>
<i>Supplement disclosure for cash flow information:</i>		
Cash paid for:		
Interest	\$ _____	\$ _____
Tax	\$ _____	\$ _____

See accompanying notes.
(7)

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Grants and contracts are recognized as income when they are received. All grants and contracts must be utilized during the grant period specified in the agreement or contract. The recording of grants and contracts received is dependent on the presence or absence of any donor restrictions. Any donor-restricted support is recorded as an increase in net assets with donor restrictions. When a restriction expires, such as when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restriction are reclassified without donor restrictions. The net assets released from restrictions are reported in the statement of activities.

Fiscal sponsorship revenue is recorded as deferred revenue. AAACC typically receives a 5%-10% admin fee since it is passthrough transaction.

Donations are recognized as revenue when received and are generally recorded as net assets without donor restrictions.

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, 2022 grants and contracts receivable was \$1,069,453.

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.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

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, 2022, the Organization incurred \$2,710 in depreciation expenses.

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 financial statements have summarized the costs of providing AAACC's programs. Costs have been allocated between programs and supporting services based on the functions they relate to. Salaries and benefits expenses are charged directly to functions based on the actual time recorded for each function. Any costs that are not directly associated with a function are allocated based on the ratio of actual payroll costs incurred per functional category.

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, 2022 in the amount of \$15,930.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

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. 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, 2022. 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, 2021, 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, 2022, consisted of:

First Republic	\$ 1,738,997
PayPal	48,363
Bill.com	13,829
Total	<u>\$ 1,801,189</u>

\$1,488,997 in First Republic Bank is not FDIC insured.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 3 - GRANTS & CONTRACTS RECEIVABLE

At June 30, 2022, grants and contracts receivable consisted of the following:

City & County of San Francisco	\$ 691,929
Vanguard Charitable	200,000
MOHCD	110,750
Others	66,774
Total	<u>\$ 1,069,453</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, 2022 are not reflected in the financial statements.

During the year ended June 30, 2022, 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	\$ 1,801,189
Grants & Contract Receivable	<u>1,069,453</u>
Total Liquid Financial Assets	<u>2,870,642</u>
Less: Restricted Receivable & Net Assets With Donor Restriction	<u>(238,750)</u>
Financial Assets Available to Meet Cash Needs of General Expenditures within One Year	<u>\$ 2,631,892</u>

The Organization's goal is generally to maintain financial assets to meet 12 months of operating expenses. As part of its liquidity plan, African American Art And Culture Complex plans to keep a portion of cash reserves in a saving account.

AFRICAN AMERICAN ART AND CULTURE COMPLEX
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

On June 30, 2022 the Organization's net assets with donor restrictions consisted of

Vanguard Charitable Trust (Time Restriction)	\$ 200,000
Albertson's Companies	25,000
Tito's Handmade Vodka	10,000
Alliance for California	<u>3,750</u>
 Total Net Assets With Donor Restrictions	 <u>\$ 238,750</u>

NOTE 7- COVID-19

On March 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, 2022, through January 3, 2024 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.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

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

We have audited, in accordance with the 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 the financial statements of African American Art And Culture Complex (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 3, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered African American Art And Culture Complex's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of African American Art And Culture Complex's internal control. Accordingly, we do not express an opinion on the effectiveness of African American Art And Culture Complex's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether African American Art And Culture Complex's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Grant & Smith, LLP

Oakland, California
January 3, 2024

(15)