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**COCA - CENTER OF  
CREATIVE ARTS**  
*CONSOLIDATED FINANCIAL STATEMENTS*  
*AUGUST 31, 2019*

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Board of Directors  
COCA - Center of Creative Arts  
St. Louis, Missouri

## **Report On The Consolidated Financial Statements**

We have audited the consolidated financial statements of COCA - Center of Creative Arts and affiliates, all not-for-profit organizations (collectively, COCA), which comprise the consolidated statement of financial position as of August 31, 2019 and 2018, and the related consolidated statements of activities, functional expenses (2019 only) and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### ***Management's Responsibility For The Consolidated Financial Statements***

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of COCA as of August 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

***Emphasis Of Matter***

The accompanying consolidated financial statements reflect the required implementation of Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Changes in the presentation of the consolidated financial statements are further described in Note 2. Our opinion is not modified with respect to this matter.

*RubinBrown LLP*

January 27, 2020

**COCA - CENTER OF CREATIVE ARTS**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**August 31, 2019 And 2018**

	Assets		Total	
	Without Donor Restrictions	With Donor Restrictions	2019	2018
Cash and cash equivalents	\$ 25,772	\$ 6,196,737	\$ 6,222,509	\$ 7,376,122
Cash and cash equivalents - Board-designated reserve	294,107	—	294,107	507,118
Restricted cash	541,159	—	541,159	—
Accounts receivable	22,657	—	22,657	51,163
Promises to give	—	12,446,644	12,446,644	15,491,300
Prepaid expenses	51,503	—	51,503	165,554
Note and interest receivable	10,498,869	—	10,498,869	—
Property and equipment	12,535,269	6,700,385	19,235,654	6,967,575
Assets restricted and/or designated for endowment	1,275,127	3,733,278	5,008,405	4,389,913
<b>Total Assets</b>	<b>\$ 25,244,463</b>	<b>\$ 29,077,044</b>	<b>\$ 54,321,507</b>	<b>\$ 34,948,745</b>

**Liabilities And Net Assets**

**Liabilities**

Long-term debt	\$ 16,736,000	\$ —	\$ 16,736,000	\$ —
Less: Unamortized debt issuance costs	(589,685)	—	(589,685)	—
Long-term debt less unamortized debt issuance costs	16,146,315	—	16,146,315	—
Accounts payable and accrued expenses	1,537,754	—	1,537,754	1,131,506
Deferred revenue	1,176,203	—	1,176,203	275,189
<b>Total Liabilities</b>	<b>18,860,272</b>	<b>—</b>	<b>18,860,272</b>	<b>1,406,695</b>

**Net Assets**

Without Donor Restrictions				
Undesignated	(822,108)	—	(822,108)	1,306,689
Board-designated endowment	1,275,127	—	1,275,127	516,684
Board-designated capital building reserve	294,107	—	294,107	507,118
Investment in note and interest receivable	10,498,869	—	10,498,869	—
Investment in property and equipment	(4,861,804)	—	(4,861,804)	3,682,978
Total Without Donor Restrictions	6,384,191	—	6,384,191	6,013,469
With Donor Restrictions	—	29,077,044	29,077,044	27,528,581
<b>Total Net Assets</b>	<b>6,384,191</b>	<b>29,077,044</b>	<b>35,461,235</b>	<b>33,542,050</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 25,244,463</b>	<b>\$ 29,077,044</b>	<b>\$ 54,321,507</b>	<b>\$ 34,948,745</b>

**COCA - CENTER OF CREATIVE ARTS**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For The Year Ended August 31, 2019**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support</b>			
Contributions and grants - operations	\$ 62,498	\$ 1,735,589	\$ 1,798,087
Contributions and grants - capital	—	900,000	900,000
Contributions and grants - Create Our Future Campaign	—	2,057,622	2,057,622
Youth Opportunities Program contributions	—	106,269	106,269
Adjustment to discount on long-term promises to give	—	348,800	348,800
<b>Total contributions and grants</b>	<b>62,498</b>	<b>5,148,280</b>	<b>5,210,778</b>
Fundraising event revenue	862,266	126,800	989,066
Costs of direct benefits to donors	(332,690)	—	(332,690)
<b>Net revenues from fundraising events</b>	<b>529,576</b>	<b>126,800</b>	<b>656,376</b>
<b>Total Support</b>	<b>592,074</b>	<b>5,275,080</b>	<b>5,867,154</b>
<b>Revenue And Gains (Losses)</b>			
Program revenues:			
Education (net of \$234,939 of scholarships)	968,111	—	968,111
Camps	647,147	—	647,147
COCAedu	173,164	—	173,164
Productions and exhibits	203,359	—	203,359
COCAbiz	177,185	—	177,185
Interest and dividends	139,898	54,386	194,284
Unrealized gain (loss) on investments	66,128	(116,666)	(50,538)
Realized gain on investments	5,912	53,635	59,547
Miscellaneous	12,668	—	12,668
<b>Total Revenue And Gains (Losses)</b>	<b>2,393,572</b>	<b>(8,645)</b>	<b>2,384,927</b>
<b>Net Assets Released From Restrictions</b>	<b>3,584,999</b>	<b>(3,584,999)</b>	<b>—</b>
<b>Appropriation Of Endowment Investment Earnings</b>	<b>143,306</b>	<b>(143,306)</b>	<b>—</b>
<b>Total Support, Revenue And Gains (Losses)</b>	<b>6,713,951</b>	<b>1,538,130</b>	<b>8,252,081</b>
<b>Expenses And Losses</b>			
Program:			
Education	1,873,481	—	1,873,481
Camps	674,055	—	674,055
COCAedu	552,218	—	552,218
Productions and exhibits	663,140	—	663,140
COCAbiz	301,712	—	301,712
<b>Total Program Expenses</b>	<b>4,064,606</b>	<b>—</b>	<b>4,064,606</b>
Management and general	1,223,226	—	1,223,226
Fundraising:			
Create Our Future Campaign	378,627	—	378,627
Development and fundraising events	648,770	—	648,770
<b>Total Expenses</b>	<b>6,315,229</b>	<b>—</b>	<b>6,315,229</b>
Loss on uncollectible promises to give	28,000	(10,333)	17,667
<b>Total Expenses And Losses</b>	<b>6,343,229</b>	<b>(10,333)</b>	<b>6,332,896</b>
<b>Increase In Net Assets</b>	<b>370,722</b>	<b>1,548,463</b>	<b>1,919,185</b>
<b>Net Assets - Beginning Of Year</b>	<b>6,013,469</b>	<b>27,528,581</b>	<b>33,542,050</b>
<b>Net Assets - End Of Year</b>	<b>\$ 6,384,191</b>	<b>\$ 29,077,044</b>	<b>\$ 35,461,235</b>

**COCA - CENTER OF CREATIVE ARTS**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For The Year Ended August 31, 2018**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support</b>			
Contributions and grants - operations	\$ 147,171	\$ 1,950,415	\$ 2,097,586
Contributions and grants - Create Our Future Campaign	—	11,085,754	11,085,754
Youth Opportunities Program contributions	—	287,878	287,878
Neighborhood Assistance Program contributions	—	500,000	500,000
Adjustment to discount on long-term promises to give	—	(355,000)	(355,000)
<b>Total contributions and grants</b>	<b>147,171</b>	<b>13,469,047</b>	<b>13,616,218</b>
Fundraising event revenue	899,473	—	899,473
Costs of direct benefits to donors	(305,923)	—	(305,923)
<b>Net revenues from fundraising events</b>	<b>593,550</b>	<b>—</b>	<b>593,550</b>
<b>Total Support</b>	<b>740,721</b>	<b>13,469,047</b>	<b>14,209,768</b>
<b>Revenue And Gains</b>			
Program revenues:			
Education (net of \$220,347 of scholarships)	993,963	—	993,963
Camps	755,218	—	755,218
COCAedu	190,330	—	190,330
Productions and exhibits	266,024	—	266,024
COCAbiz	190,271	—	190,271
Interest and dividends	49,944	48,421	98,365
Unrealized gain on investments	29,375	215,124	244,499
Realized gain on investments	6,652	49,232	55,884
Miscellaneous	12,109	—	12,109
<b>Total Revenue And Gains</b>	<b>2,493,886</b>	<b>312,777</b>	<b>2,806,663</b>
<b>Net Assets Released From Restrictions (As Restated)</b>	<b>7,051,008</b>	<b>(7,051,008)</b>	<b>—</b>
<b>Appropriation Of Endowment Investment Earnings</b>	<b>160,423</b>	<b>(160,423)</b>	<b>—</b>
<b>Total Support, Revenue And Gains</b>	<b>10,446,038</b>	<b>6,570,393</b>	<b>17,016,431</b>
<b>Expenses And Losses</b>			
Program:			
Education	1,622,068	—	1,622,068
Camps	745,812	—	745,812
COCAedu	553,361	—	553,361
Productions and exhibits	823,103	—	823,103
COCAbiz	320,898	—	320,898
<b>Total Program Expenses</b>	<b>4,065,242</b>	<b>—</b>	<b>4,065,242</b>
Management and general	1,088,072	—	1,088,072
Fundraising:			
Create Our Future Campaign	632,677	—	632,677
Development and fundraising events	660,989	—	660,989
<b>Total Expenses</b>	<b>6,446,980</b>	<b>—</b>	<b>6,446,980</b>
Loss on disposal of artwork	41,801	—	41,801
Loss on disposal and impairment of property and equipment	4,960,601	—	4,960,601
Loss on uncollectible promises to give	—	174,136	174,136
<b>Total Expenses And Losses</b>	<b>11,449,382</b>	<b>174,136</b>	<b>11,623,518</b>
<b>Increase (Decrease) In Net Assets</b>	<b>(1,003,344)</b>	<b>6,396,257</b>	<b>5,392,913</b>
<b>Net Assets - Beginning Of Year (As Restated)</b>	<b>7,016,813</b>	<b>21,132,324</b>	<b>28,149,137</b>
<b>Net Assets - End Of Year</b>	<b>\$ 6,013,469</b>	<b>\$ 27,528,581</b>	<b>\$ 33,542,050</b>

# COCA - CENTER OF CREATIVE ARTS

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For The Year Ended August 31, 2019

(With Summarized Comparative Financial Information For The Year Ended August 31, 2018)

	2019											2018
	Program						Fundraising					Total
	Education	Camps	COCAedu	Productions		Total	Management And General	Create Our	Development		Total	
				And Exhibits	COCAbiz			Future Campaign	And Fundraising Events	Total		
Salaries and wages	\$ 884,571	\$ 304,496	\$ 391,067	\$ 329,373	\$ 218,948	\$ 2,128,455	\$ 551,796	\$ 276,803	\$ 443,611	\$ 720,414	\$ 3,400,665	\$ 3,364,142
Consultants	86,400	37,640	39,510	52,875	8,460	224,885	871	450	14,550	15,000	240,756	239,590
Health insurance	24,684	4,229	7,699	1,806	9,895	48,313	22,772	7,019	13,552	20,571	91,656	85,917
Payroll taxes	66,342	23,914	30,865	27,222	16,288	164,631	41,877	19,889	32,682	52,571	259,079	256,980
Advertising and marketing	—	—	—	—	—	—	180,426	—	—	—	180,426	198,373
Artist accommodations and hospitality	1,307	4,091	—	25,653	2,671	33,722	—	—	—	—	33,722	56,466
Artist fees	—	—	5,089	15,000	13,000	33,089	—	—	—	—	33,089	83,750
Bad debt expense	—	—	—	—	—	—	4,646	—	—	—	4,646	2,169
Building occupancy	416,612	207,998	17,552	63,915	12,556	718,633	30,323	—	16,191	16,191	765,147	488,348
Depreciation	179,974	21,627	9,483	14,660	3,806	229,550	9,592	—	9,483	9,483	248,625	476,015
Donor cultivation	—	—	—	—	—	—	—	3,836	24,383	28,219	28,219	48,263
Event expenses	—	—	—	—	2,486	2,486	—	41,330	54,272	95,602	98,088	69,537
Insurance	26,017	6,323	4,228	12,842	1,910	51,320	8,766	—	2,060	2,060	62,146	86,298
Interest	15,569	—	—	—	—	15,569	—	—	—	—	15,569	—
Miscellaneous	5	—	—	—	—	5	—	—	—	—	5	350
Office	6,597	1,962	899	697	—	10,155	47,432	195	2,659	2,854	60,441	86,814
Postage and shipping	11,898	7,117	—	5,654	1,534	26,203	3,690	1,552	2,733	4,285	34,178	38,847
Professional fees	—	—	—	—	—	—	120,975	15,939	—	15,939	136,914	122,206
Program supplies	34,710	31,286	16,311	72,338	1,024	155,669	—	—	—	—	155,669	169,997
Service charges	—	—	—	—	—	—	106,612	11,510	2,760	14,270	120,882	143,660
Technology	33,890	10,575	12,342	30,856	6,087	93,750	66,642	104	20,719	20,823	181,215	227,447
Training	11,567	—	1,014	987	—	13,568	20,805	—	3,088	3,088	37,461	49,861
Transportation	14,782	43	10,567	617	803	26,812	345	—	435	435	27,592	26,222
Utilities	58,556	12,754	5,592	8,645	2,244	87,791	5,656	—	5,592	5,592	99,039	125,728
	\$ 1,873,481	\$ 674,055	\$ 552,218	\$ 663,140	\$ 301,712	\$ 4,064,606	\$ 1,223,226	\$ 378,627	\$ 648,770	\$ 1,027,397	\$ 6,315,229	\$ 6,446,980



**COCA - CENTER OF CREATIVE ARTS**

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>For The Years</b>	
	<b>Ended August 31,</b>	
	<b>2019</b>	<b>2018</b>
<b>Cash Flows From Operating Activities</b>		
Increase in net assets	\$ 1,919,185	\$ 5,392,913
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Unrealized (gain) loss on investments	50,538	(244,499)
Realized gain on investments	(59,547)	(55,884)
Depreciation	248,625	476,015
Amortization of debt issuance costs	15,569	—
Contributions restricted for Create Our Future Campaign	(2,408,622)	(10,747,754)
Contributions restricted for endowment	(12,000)	(34,505)
Contributions restricted for capital	(900,000)	(500,000)
Donated capital expenditures	(76,000)	(157,000)
Loss on disposal of artwork	—	41,801
Loss on disposal of property and equipment	—	4,960,601
Loss on uncollectible promises to give	17,667	174,136
Changes in assets and liabilities:		
Accounts receivable	28,506	(33,049)
Promises to give	37,870	(479,030)
Prepaid expenses	46,903	(86,138)
Interest receivable	(17,469)	—
Accounts payable and accrued expenses	(88,024)	120,257
Deferred revenue	901,014	(7,060)
<b>Net Cash Used In Operating Activities</b>	<b>(295,785)</b>	<b>(1,179,196)</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments	(1,021,123)	(297,511)
Proceeds from sale of investments	403,758	333,351
Increase in restricted cash	(541,159)	—
Payments for note receivable	(10,481,400)	—
Proceeds from sale of property and equipment	—	300
Capital expenditures	(11,946,432)	(4,578,631)
<b>Net Cash Used In Investing Activities</b>	<b>(23,586,356)</b>	<b>(4,542,491)</b>
<b>Cash Flows From Financing Activities</b>		
Payments for debt issuance costs	(538,106)	—
Proceeds from borrowings on long-term debt	16,736,000	—
Proceeds received from contributions restricted for endowment	19,882	94,305
Proceeds received from contributions restricted for Create Our Future Campaign	5,397,741	8,545,384
Proceeds received from contributions restricted for capital	900,000	500,000
<b>Net Cash Provided By Financing Activities</b>	<b>22,515,517</b>	<b>9,139,689</b>
<b>Net Increase (Decrease) In Cash And Cash Equivalents</b>	<b>(1,366,624)</b>	<b>3,418,002</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>7,883,240</b>	<b>4,465,238</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 6,516,616</b>	<b>\$ 7,883,240</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Capital expenditures included in accounts payable and accrued expenses	\$ 1,250,758	\$ 756,486

# COCA - CENTER OF CREATIVE ARTS

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2019 And 2018

### 1. Operations

COCA began operations in 1987 as the Center of Contemporary Arts. During 2003, COCA changed its name to COCA - Center of Creative Arts.

Launched quietly in early 2015, COCA - Center of Creative Arts launched the Create Our Future Campaign, with the goal of raising \$45 million to support the construction of a facility expansion as well as build capital reserves and endowment funds for scholarships, support services, and artistic and educational programming. This ambitious project positions COCA - Center of Creative Arts to meet evolving community needs and serve its growing student base, while also sustaining its long-term commitment to ensuring access.

On December 6, 2018, COCA - Center of Creative Arts entered into a New Markets Tax Credit (NMTC) transaction to provide funds, along with the Create Our Future Campaign, to support the construction of COCA - Center of Creative Arts' facility expansion.

Because of this transaction, two new not-for-profit organizations were established - COCA Leverage Lender, Inc. (Leverage Lender) and COCA QALICB, Inc. (QALICB). The Leverage Lender will act as a financial conduit for COCA to make investments supporting this project. The QALICB will complete construction and hold title to the facility expansion as well as lease said facility to COCA. The QALICB will operate in such a way that it qualifies as a Qualified Active Low-Income Community Business under the definition of the NMTC Program under Internal Revenue Code (IRC) §45(d). Given an economic interest as well as a majority overlap of Board members between COCA - Center of Creative Arts and these entities, these entities are consolidated for financial statement purposes with COCA - Center of Creative Arts.

Revenue and support includes receipts from program revenues, public contributions, fundraising, and grants. The funds thus generated, after deducting operating expenses, are used primarily to promote, sponsor, and manage cultural, artistic, and educational activities and programs relating to visual and performing arts.

## **2. Summary Of Significant Accounting Policies**

### **Principles Of Consolidation**

The accompanying consolidated financial statements include the accounts of COCA - Center of Creative Arts, COCA Leverage Lender, Inc. and COCA QALICB, Inc. (collectively, COCA). All significant inter-entity investments, transactions and account balances have been eliminated in consolidation.

### **Accounting Basis**

COCA prepares its consolidated financial statements on the accrual basis of accounting. Income is recognized when earned and expenses are recognized when incurred.

### **Basis Of Presentation**

Consolidated financial statement presentation follows guidance set forth by generally accepted accounting principles (GAAP) for not-for-profit organizations, which requires COCA to report information regarding its consolidated financial position and activities according to two classes of net assets: “net assets without donor restrictions” (previously, “unrestricted net assets”) and “net assets with donor restrictions” (previously, “temporarily restricted net assets” and “permanently restricted net assets”).

### **Estimates And Assumptions**

Management uses estimates and assumptions in preparing consolidated financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results may differ from these estimates.

### **Cash And Cash Equivalents**

COCA considers all temporary cash investments with original maturities less than three months from date of purchase to be cash equivalents.

COCA invests its excess cash in debt instruments and securities with financial institutions that have strong credit ratings and established guidelines relative to diversification and maturities that maintain safety and liquidity. Bank deposits exceeded federally insured limits at various times during the year. The total uninsured balance at August 31, 2019 was approximately \$6,185,000.

## **COCA - CENTER OF CREATIVE ARTS**

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### Notes To Consolidated Financial Statements (*Continued*)

#### **Restricted Cash**

Restricted cash consists of an IFF CDE Reserve and NCIF CDE Reserve with balances of \$298,401 and \$242,758 at August 31, 2019, respectively. These reserves serve as collateral for COCA's long-term debt.

#### **Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from balances outstanding at year end. Based on management's assessment of its credit history with patrons having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year end will be immaterial.

#### **Promises To Give**

Unconditional promises to give are recognized as support in the period the promises are received. Conditional promises to give, which depend upon specified future and uncertain events, are recognized as support when the conditions upon which they depend are substantially met. Promises to give are reported at the amount management expects to collect on balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual balances. Those balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the receivable.

#### **Assets Restricted/Designated For Endowment (Investments)**

Investments are reported at fair value. Gains or losses on sales of investments are determined on a specific cost identification method. Unrealized gains and losses are determined based on year-end fair value fluctuations.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term, and those changes could materially affect the amounts reported in the consolidated statement of financial position.

**Note And Interest Receivable**

Note and interest receivable is stated at the amount management expects to collect from balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of the note. Management's periodic evaluation of the adequacy of the allowance is based on the note's past performance, known and other inherent risks, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Balances still outstanding after management has used reasonable collection efforts will be written off through a charge to the valuation allowance and a credit to note and interest receivable. Based on management's assessment of its credit history and current relationship with the borrower, management does not believe an allowance is necessary as of August 31, 2019.

**Property And Equipment**

Property and equipment are carried at cost, less accumulated depreciation, which is computed using the straight-line method over the following periods:

Building and building improvements	31.5 years
Courtyard improvements and landscaping	15 - 20 years
Furniture and fixtures	3 - 15 years
Vehicles	5 - 7 years

COCA reviews the carrying value of its property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use or eventual disposition. No impairment loss was recognized in 2019. An impairment loss of \$557,402 was recognized in 2018 and is included in loss on disposal of property and equipment on the consolidated statement of activities.

**Artwork**

Artwork consisted of art objects that were held for educational and cultural purposes. Artwork was capitalized at cost if purchased and at fair value at the date of accession if donated. Artwork was protected, kept unencumbered, cared for, and preserved. During 2018, the artwork held by COCA was disposed of during construction, which resulted in a loss of \$41,801 recognized for the year ended August 31, 2018.

## **COCA - CENTER OF CREATIVE ARTS**

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### Notes To Consolidated Financial Statements (*Continued*)

#### **Deferred Revenue**

Payments of tuition for the upcoming year, which are received in the current year, are recorded as deferred revenue and recognized as revenue when earned.

Pre-payments of the studio sub-lease by another not-for-profit organization are recorded as deferred revenue. This 30-year sub-lease agreement does not commence until the facility expansion is placed in service. Once this lease commences, rental income will be recognized on a monthly pro-rata basis over the term of the lease. The first installment was due 30 days after the execution of the lease agreement on February 9, 2019 and the second installment is due on the date the facility expansion is placed in service. At August 31, 2019, \$926,308 of pre-payments have been received.

#### **Debt Issuance Costs**

Debt issuance costs of \$605,254 have been capitalized during 2019 and are being amortized using the effective interest method of the life of the related long-term debt. Debt issuance costs are reported as a reduction from the related long-term debt. Amortization expense is included in interest expense on the consolidated statement of functional expenses. Accumulated amortization amounted to \$15,569 at August 31, 2019.

#### **Support And Revenue**

COCA reports gifts of cash and other assets as without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. COCA has also adopted the policy of reporting net assets released from restrictions upon completion of the donor purpose restriction, regardless of whether the related cash has been received.

Property and equipment purchased with restricted contributions are considered with donor restrictions and are released from restrictions when the property and equipment is placed in service.

## **COCA - CENTER OF CREATIVE ARTS**

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### Notes To Consolidated Financial Statements (*Continued*)

#### **Donated Services**

Certain professional services are donated to COCA by various organizations. Those donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by COCA. Those donated services are recorded at fair value at the date of donation. A substantial number of volunteers (490 and 479 in 2019 and 2018, respectively) have also donated a significant amount of their time (7,522 and 8,106 hours in 2019 and 2018, respectively) to COCA's programs. These donated services have not been recognized as contributions in the consolidated financial statements since the aforementioned recognition criteria, as stated by generally accepted accounting principles, were not met.

#### **Description Of Program Services And Supporting Activities**

The following program services and supporting activities are included in the accompanying consolidated financial statements:

##### **Education**

Includes those expenditures that enable COCA to provide performing and visual arts education at COCA's main University City location as well as offsite locations.

##### **Camps**

Includes those expenditures that enable COCA to provide summer arts camps at COCA's main University City location and offsite locations in St. Louis.

##### **COCAedu**

Includes those expenditures that enable COCA to provide arts education and arts-integration programs, both in the classroom for public and independent St. Louis schools and through professional development for teachers. Additionally, includes expenditures that enable COCA to lead a collaborative partnership with St. Louis arts and cultural organizations to better engage teachers and students and improve learning through the arts. COCAedu balances both revenue-generating and subsidized arts instruction, making its distinctive programs available, regardless of practical, transportation, or economic barriers.

## **COCA - CENTER OF CREATIVE ARTS**

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### Notes To Consolidated Financial Statements (*Continued*)

#### **Productions And Exhibits**

Comprised of original COCA productions and the best touring companies from around the world, COCA offers the highest caliber, cross-disciplinary, live theatre performances for our St. Louis audiences. With access as a core value, COCA provides opportunities for families to experience engaging theatre together and strives to make these shows accessible to the widest possible demographic through discounted tickets, school time performances, and special matinee shows for public school students. Additionally, includes expenditures that enable COCA to exhibit local and nationally recognized artists in its gallery.

#### **COCAbiz**

Includes those expenditures that enable COCA to provide arts-based business instruction, including custom training, workshops, talks, conferences, and special events, to help individuals and corporate teams embrace creative problem solving, innovative thinking, and more dynamic leadership.

#### **Management And General**

Includes the functions necessary to maintain an equitable employment program, ensure an adequate working environment, provide coordination and articulation of COCA's program strategy, secure proper administrative functioning of the Board, and manage the financial and budgetary responsibilities of COCA.

#### **Fundraising**

Provides the structure necessary to encourage and secure private financial support from corporations, foundations, and individuals, including fundraising events.

#### **Expense Allocation**

Expenses that are directly identifiable as related to specific functions are charged to those specific functions. Expenses related to multiple functions are allocated to those multiple functions based on an analysis of personnel time and related activities or square footage. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of COCA.

#### **Advertising Costs**

Advertising costs are expensed as incurred. Advertising expense totaled \$180,426 and \$198,373 for 2019 and 2018, respectively.



### **Tax Status**

The United States Treasury Department has advised that COCA constitutes a qualified not-for-profit organization and is, therefore, exempt from federal income taxes on related exempt income under Section 501(c)(3) of the Internal Revenue Code.

### **Subsequent Events**

Management has evaluated subsequent events through the date the consolidated financial statements are available for issue, which is the date of the Independent Auditors' Report.

### **Recent Accounting Pronouncement**

During 2019, COCA implemented Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Implementation was required for COCA's fiscal year beginning September 1, 2018. In accordance with the ASU, the consolidated statement of financial position presents two class of net assets, rather than the previously required three classes. The ASU also requires disclosure concerning COCA's liquidity and presentation of expenses by both functional and natural classifications. Classifications of management and general expenses were also adjusted, as necessary, in accordance with the guidance in ASU 2016-14. The ASU has been applied retrospectively to all periods presented.

COCA receives donations restricted for the purchase of property and equipment. These donations have been recorded as contributions with donor restrictions in the year received and were released from restrictions over the estimated useful lives of the applicable property and equipment. With the adoption of ASU 2016-14, the placed-in-service method must be utilized. As a result, net assets have been restated to reflect the release of these contributions in the year the property and equipment were placed in service. At September 1, 2017, net assets with donor restrictions decreased and net assets without donor restrictions increased \$4,316,224. Net assets released from restrictions for the year ended August 31, 2018 also decreased \$859,065.

## COCA - CENTER OF CREATIVE ARTS

### Notes To Consolidated Financial Statements (Continued)

#### 3. Promises To Give

Promises to give consist of unconditional contributions and grants that are to be utilized for various programs and operations and are collectible as follows:

	2019			
	Create Our Future			Total
	Operating	Campaign	Endowment	
Less than one year	\$ 838,669	\$ 2,571,178	\$ 7,318	\$ 3,417,165
One - five years	471,919	8,447,878	—	8,919,797
More than five years	—	1,500,000	—	1,500,000
	1,310,588	12,519,056	7,318	13,836,962
Less: Discount to record at present value	30,000	1,016,000	—	1,046,000
Less: Allowance for doubtful promises to give	30,000	307,000	—	337,000
	\$ 1,250,588	\$ 11,196,056	\$ 7,318	\$ 12,453,962

  

	2018			
	Create Our Future			Total
	Operating	Campaign	Endowment	
Less than one year	\$ 960,625	\$ 3,344,148	\$ 1,500	\$ 4,306,273
One - five years	384,333	9,460,694	15,000	9,860,027
More than five years	—	3,100,000	—	3,100,000
	1,344,958	15,904,842	16,500	17,266,300
Less: Discount to record at present value	28,500	1,365,000	1,300	1,394,800
Less: Allowance for doubtful promises to give	28,000	337,000	—	365,000
	\$ 1,288,458	\$ 14,202,842	\$ 15,200	\$ 15,506,500

A discount rate of 3% was used to record the promises to give at the present value of future cash flows.

## COCA - CENTER OF CREATIVE ARTS

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### Notes To Consolidated Financial Statements (Continued)

The promises to give are reported in the consolidated statement of financial position as follows:

	<u>2019</u>	<u>2018</u>
Promises to give	\$ 12,446,644	\$ 15,491,300
Assets restricted/designated for endowment	7,318	15,200
	<u>\$ 12,453,962</u>	<u>\$ 15,506,500</u>

During 2017, COCA received a commitment from a donor to match qualifying contributions to COCA's Create Our Future Campaign if \$5,000,000 was raised by September 30, 2017. Qualifying contributions were defined as gifts to the Create Our Future Campaign of \$25,000 or more made by September 30, 2017. As of August 31, 2017, \$833,333 had been received; however, the remainder of the gift remained conditional and was not included in promises to give. During 2018, COCA met the conditions of this gift by raising \$5,000,000 of qualifying contributions and the remaining conditional amount was recognized as contribution revenue and collected in full during the year ended August 31, 2019.

In addition, as of August 31, 2019 and 2018, COCA had donor commitments to be paid from donor-advised funds and community foundations totaling approximately \$277,000 and \$335,000, respectively. As these donors do not have sole discretion over the distributions of the funds in these accounts, COCA has not recognized these commitments. Contribution revenue will be recognized when the distributions are received.

#### 4. Prepaid Expenses

Prepaid expenses consist of:

	<u>2019</u>	<u>2018</u>
Prepaid insurance	\$ 28,531	\$ 36,325
Prepaid program expenses	20,775	57,715
Prepaid debt issuance costs	—	67,148
Other	2,197	4,366
	<u>\$ 51,503</u>	<u>\$ 165,554</u>

## COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

### 5. Note And Interest Receivable

As part of the NMTC transaction, to fund the Qualified Equity Investment (QEI) made by USBCDC Investment Fund 261, LLC (the Investment Fund) to the sub-CDEs, which subsequently provided the needed financing to be provided to QALICB, the Leverage Lender loaned \$10,481,400 to the Investment Fund. The note accrues interest at an annual rate of 1%, with quarterly payments of accrued interest due. Commencing December 14, 2025, quarterly principal and interest payments of \$126,814 shall be due with the final payment of principal and accrued interest due on the note's maturity on December 5, 2048. The note is secured primarily by the Investment Fund's membership interest in USBCDE Sub-CDE 181, LLC (USBCDE Sub-CDE), IFF Capital 29 LLC (IFF Sub-CDE), and NCIF New Markets Capital Fund XXXIII CDE, LLC (NCIF Sub-CDE).

At August 31, 2019, principal of \$10,481,400 and accrued interest of \$17,469 was outstanding.

### 6. Assets Restricted And/Or Designated For Endowment

Assets restricted and/or designated for endowment (investments) consist of:

	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 88,462	\$ 88,614	\$ 40,386	\$ 40,447
Fixed income mutual funds				
Global high yield	40,500	40,303	37,000	36,535
International developed	171,170	187,322	151,407	155,413
Investment grade taxable	759,316	794,539	773,315	742,069
Hedge funds				
Market neutral	137,450	138,630	129,400	132,571
Managed futures	49,000	48,840	37,000	34,285
Long/short equity	113,950	128,467	120,200	137,397
Nontraditional bond	63,100	60,093	46,100	44,315
Equity mutual funds				
U.S. large cap	1,138,664	1,375,235	866,774	1,109,570
U.S. mid cap	587,046	722,355	516,382	649,447
U.S. small cap	650,959	668,912	460,874	549,239
International developed	459,083	477,501	425,309	484,665
Emerging markets	237,662	270,276	215,303	258,760
	<u>\$ 4,496,362</u>	<u>\$ 5,001,087</u>	<u>\$ 3,819,450</u>	<u>\$ 4,374,713</u>

## COCA - CENTER OF CREATIVE ARTS

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### Notes To Consolidated Financial Statements (*Continued*)

At August 31, 2019 and 2018, assets restricted and/or designated for endowment also include promises to give in the amount of \$7,318 and \$15,200, respectively.

During 2019 and 2018, unrealized gains (losses) of \$(50,538) and \$244,499, respectively, were recorded to adjust the investments to fair value.

Interest and dividends were reported net of fees. Investment fees totaled \$27,481 and \$26,000 in 2019 and 2018, respectively.

Investments are carried at fair value in accordance with accounting principles generally accepted in the United States of America. Generally accepted accounting principles establish a framework for measuring fair value and provide a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1      Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that COCA has the ability to access.

Level 2      Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3      Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

## COCA - CENTER OF CREATIVE ARTS

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### Notes To Consolidated Financial Statements (Continued)

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value:

#### **Mutual Funds And Hedge Funds**

Valued at the daily closing price as reported by the fund. Mutual and hedge funds held by COCA are open-end investment companies that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The registered investment companies held by COCA are deemed to be actively traded and are categorized as Level 1 in the fair value hierarchy.

During 2019 and 2018, there were no changes in the methods and/or assumptions utilized to derive the fair values of COCA's assets.

## **7. Property And Equipment**

Property and equipment consist of:

	<u>2019</u>	<u>2018</u>
Land	\$ 1,044,185	\$ 424,556
Building and building improvements	5,830,674	5,622,296
Courtyard improvements and landscaping	77,810	77,810
Furniture and fixtures	1,075,042	1,029,905
Vehicles	81,503	81,503
Construction in progress	13,984,061	2,340,501
	<u>22,093,275</u>	<u>9,576,571</u>
<u>Less: Accumulated depreciation</u>	<u>2,857,621</u>	<u>2,608,996</u>
	<u>\$ 19,235,654</u>	<u>\$ 6,967,575</u>

Depreciation charged against revenues amounted to \$248,625 in 2019 and \$476,015 in 2018.

Included in building and building improvements at August 31, 2019 and 2018 is capitalized interest in the amount of \$76,036.

## COCA - CENTER OF CREATIVE ARTS

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### Notes To Consolidated Financial Statements (*Continued*)

Facility expansion funded by the Create Our Future Campaign includes renovations of the Kuehner West Wing facilities, which were completed in June 2018, and construction of the new Ferring East Wing facilities, which commenced in August 2018 and are scheduled to be completed in April 2020. Because of these completed and ongoing construction projects, a significant amount of property and equipment was disposed of during 2018, resulting in a loss on disposal of property and equipment of \$4,403,199 for the year ending August 31, 2018. No such loss was recognized in 2019.

#### **Capital Commitments**

In conjunction with the facility expansion noted above, COCA has entered into a professional design services contract with an unrelated party for \$2,707,963. At August 31, 2019 and 2018, \$2,558,000 and \$2,237,821, respectively, of cumulative contract commitments have been incurred.

In addition, during 2018, COCA entered into a construction services contract with an unrelated party for \$26,444,000. At August 31, 2019 and 2018, \$13,603,504 and \$3,313,144, respectively, of cumulative contract commitments have been incurred.

#### **8. Revolving Line Of Credit**

COCA had a revolving line of credit with a bank with maximum borrowings of \$800,000. This line of credit was secured by the deed of trust on COCA's property and equipment and bore interest at the lender's prime rate. Interest-only payments were required until the line of credit matured on March 31, 2019. There was no outstanding balance on the line of credit at August 31, 2018, and no related interest expense in 2019 or 2018. Subsequent to August 31, 2018, COCA cancelled this line of credit and took out a new line of credit in conjunction with the NMTC transaction.

## COCA - CENTER OF CREATIVE ARTS

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### Notes To Consolidated Financial Statements (*Continued*)

During 2019, COCA entered into a revolving line-of-credit with Regions Bank to fund construction costs associated with the facility expansion. This agreement requires the total principal outstanding at any time to not exceed the lesser of a) the Borrowing Base or b) the Commitment Amount. The Borrowing Base shall equal (a)(i) 100% of the total amount of outstanding Create Our Future Campaign pledges, (ii) 100% of the total amount of outstanding Create Our Future Campaign pledges received after the date hereof by donors with a history of donating to COCA for at least five years, (iii) 80% of the total amount of outstanding Create Our Future Campaign pledges received after the date hereof by donors with a history of donating to COCA for less than five years (collectively, the Capital Campaign Pledges) and (iv) 100% of cash received from these Capital Campaign Pledges and on deposit at Regions Bank, less (b)(i) all Capital Campaign Pledges deemed ineligible by Regions Bank in its reasonable discretion, (ii) planned gifts to the extent included in Capital Campaign Pledges, (iii) in kind Capital Campaign Pledges, (iv) endowment Capital Campaign Pledges, and (v) any Excess Pledge Payments, all as set forth on COCA's most recent monthly Capital Campaign Pledge Report. The Commitment Amount is \$14,000,000 for the period December 5, 2018 to June 30, 2019, \$13,500,000 for the period July 1, 2019 to June 30, 2020, \$10,500,000 for the period July 1, 2020 to June 30, 2021, \$7,500,000 for the period July 1, 2021 to June 30, 2022, \$4,500,000 for the period July 1, 2022 to June 30, 2023, \$2,500,000 for the period July 1, 2023 to June 30, 2024, \$2,250,000 for the period July 1, 2024 to June 30, 2025, and \$1,250,000 for the period July 1, 2025 and thereafter. Quarterly, COCA must certify that the amount of the loan outstanding is less than the calculated Borrowing Base. The loan will bear interest at the LIBOR rate and is secured by COCA's Capital Campaign Pledges and Pledge Account. Monthly interest-only payments are due until the loan's maturity on January 1, 2026 at which time all outstanding principal and interest shall be due. There was no outstanding balance on the line of credit at August 31, 2019 and no related interest expense in 2019.



**9. Long-Term Debt**

As part of the NMTC transaction, loan financing is being provided by USBCDE Sub-CDE, IFF Sub-CDE, and NCIF Sub-CDE (collectively, the sub-CDEs) to the QALICB to finance the facility expansion. Collectively, these loans are secured by the QALICB's personal and fixture property at the facility expansion and the balance in the QALICB's Disbursement Account (the Joint Collateral). In addition, on behalf of the QALICB, COCA has guaranteed interest payments on these loans as well as other guarantees to the sub-CDEs. On a quarterly basis, the QALICB must certify to the sub-CDEs the QALICB's compliance with NMTC compliance requirements, including that the QALICB remains a Qualified Active Low-Income Community Business.

This loan financing consists of the following:

- Two loans in the amounts of \$3,703,428 and \$1,543,572 with IFF Sub-CDE. In addition to the Joint Collateral, an IFF CDE Reserve also secures these loans. This IFF CDE Reserve, which had an original balance of \$325,981, shall be utilized to pay a portion of debt service payments as well as IFF Sub-CDE fee reimbursements. At August 31, 2019, the IFF CDE Reserve had a balance of \$298,401. Both loans bear interest at 1.178% per annum with quarterly interest payments due. Commencing December 1, 2025, quarterly principal and interest payments on the two loans of \$45,711 and \$19,052, respectively, shall be due, with final principal and interest payments due upon the loans' maturity on December 5, 2048. The loans may not be prepaid in whole or in part at any time prior to December 5, 2025. At August 31, 2019, principal of \$3,703,428 and \$1,543,572 was outstanding on these loans. Interest incurred and capitalized on these loans during 2019 amounted to \$45,501, of which \$10,302 remains outstanding at August 31, 2019 and is included in accounts payable and accrued expenses on the consolidated statement of financial position.
- Two loans in the amounts of \$2,795,040 and \$1,164,960 with USBCDE Sub-CDE. Both loans bear interest at 1.178% per annum with quarterly interest payments due. Commencing December 1, 2025, quarterly principal and interest payments on the two loans of \$34,520 and \$14,379, respectively, shall be due, with final principal and interest payments due upon the loans' maturity on December 5, 2048. The loans may not be prepaid in whole or in part at any time prior to December 5, 2025. At August 31, 2019, principal of \$2,795,040 and \$1,164,960 was outstanding on these loans. Interest incurred and capitalized on these loans during 2019 amounted to \$34,343, of which \$7,776 remains outstanding at August 31, 2019 and is included in accounts payable and accrued expenses on the consolidated statement of financial position.

## COCA - CENTER OF CREATIVE ARTS

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### Notes To Consolidated Financial Statements (*Continued*)

- Two loans in the amounts of \$3,982,932 and \$1,546,068 with NCIF Sub-CDE. In addition to the Joint Collateral, an NCIF CDE Reserve also secures these loans. This NCIF CDE Reserve, which had an original balance of \$265,508, shall be utilized to pay a portion of debt service payments as well as NCIF Sub-CDE fee reimbursements. At August 31, 2019, the NCIF CDE Reserve had a balance of \$242,758. Both loans bear interest at 1.178% per annum with quarterly interest payments due. Commencing December 1, 2025, quarterly principal and interest payments on the two loans of \$49,161 and \$19,083, respectively, shall be due, with final principal and interest payments due upon the loans' maturity on December 5, 2048. The loans may not be prepaid in whole or in part at any time prior to December 5, 2025. At August 31, 2019, principal of \$3,982,932 and \$1,546,068 was outstanding on these loans. Interest incurred and capitalized on these loans during 2019 amounted to \$47,947, of which \$10,856 remains outstanding at August 31, 2019 and is included in accounts payable and accrued expenses on the consolidated statement of financial position.

In addition to the financing provided by the sub-CDEs, Legacy Bank also issued a \$2,000,000 loan to the QALICB. This loan bears interest at 6.5% and is secured by a deed of trust, security agreement, assignment of leases and rent, and fixture filing and a guarantee by COCA. For the twelve-month period commencing on the first loan disbursement, interest-only payments are due monthly. After this interest-only period, monthly payments of principal and interest of \$14,911 are due. All remaining principal and accrued interest is payable upon the loan's maturity on December 6, 2025. At August 31, 2019, principal of \$2,000,000 was outstanding on this loan. Interest incurred and capitalized on this loan during 2019 amounted to \$49,746, of which \$8,849 remains outstanding at August 31, 2019 and is included in accounts payable and accrued expenses on the consolidated statement of financial position.

Future required principal payments are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 20,522
2021	51,504
2022	54,936
2023	58,596
2024	62,497
Thereafter	16,487,945
	<u>\$ 16,736,000</u>

# COCA - CENTER OF CREATIVE ARTS

## Notes To Consolidated Financial Statements *(Continued)*

### 10. Net Assets With Donor Restrictions

Net assets are subject to the following donor-imposed restrictions:

	2019			2018		
	Time And Purpose Restrictions	Perpetual In Nature	Total	Time And Purpose Restrictions	Perpetual In Nature	Total
	Donor-restricted					
construction in progress:						
Create Our Future Campaign	\$ 6,700,385	\$ —	\$ 6,700,385	\$ 2,340,501	\$ —	\$ 2,340,501
Create Our Future Campaign	16,756,951	—	16,756,951	19,619,389	—	19,619,389
Capital project fund	280,371	—	280,371	187,610	—	187,610
COCAbiz	40,000	—	40,000	40,000	—	40,000
COCAedu	232,325	—	232,325	328,716	—	328,716
Productions and exhibits	106,884	—	106,884	177,111	—	177,111
FLAME event	100,000	—	100,000	—	—	—
On-site	94,156	—	94,156	—	—	—
General operations/Leadership Circle	802,277	—	802,277	615,299	—	615,299
Pre-professional support services	158,268	—	158,268	171,528	—	171,528
Youth Opportunities Program	57,149	—	57,149	147,698	—	147,698
Camps	15,000	—	15,000	27,500	—	27,500
	25,343,766	—	25,343,766	23,655,352	—	23,655,352
Donor-restricted endowment funds:						
COCA endowment	155,010	420,000	575,010	179,033	420,000	599,033
Dorothy Pearlstein Dubinsky						
Garden endowment	10,611	25,000	35,611	12,098	25,000	37,098
Ferring Family Faculty endowment	2,871	6,765	9,636	3,274	6,765	10,039
Grant Foundation endowment	4,244	10,000	14,244	4,839	10,000	14,839
Hillman Fund for Innovation	11,631	263,150	274,781	23,110	263,150	286,260
Janet and Bernard Becker						
Fund for Outreach	328,338	1,060,383	1,388,721	386,355	1,060,383	1,446,738
Kathryn D. Cramer						
scholarship endowment	907	60,244	61,151	3,365	55,000	58,365
Peter Witte endowment	37,971	103,360	141,331	35,601	101,735	137,336
Productions and exhibits endowment	21,222	50,000	71,222	24,197	50,000	74,197
Riven Family endowment	16,361	48,000	64,361	18,977	44,000	62,977
Rosalyn and Manny						
Rosenthal endowment	42,443	100,000	142,443	48,394	100,000	148,394
Scholarships and outreach endowment	44,611	146,323	190,934	59,730	145,192	204,922
William Randolph Hearst						
outreach endowment	144,120	300,000	444,120	159,961	300,000	459,961
Wilma Messing scholarship endowment	95,263	224,450	319,713	108,620	224,450	333,070
	915,603	2,817,675	3,733,278	1,067,554	2,805,675	3,873,229
	\$ 26,259,369	\$ 2,817,675	\$ 29,077,044	\$ 24,722,906	\$ 2,805,675	\$ 27,528,581

## COCA - CENTER OF CREATIVE ARTS

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### Notes To Consolidated Financial Statements (*Continued*)

Net assets were released from donor-imposed restrictions as follows:

	<u>2019</u>	<u>2018</u>
Property and equipment and construction in progress with donor restrictions:		
Neighborhood Assistance Program	\$ —	\$ 500,000
Create Our Future Campaign	—	3,670,227
Create Our Future Campaign	938,176	969,141
Capital project fund	807,239	120,027
COCAbiz	53,250	57,500
COCAedu	349,466	403,225
Productions and exhibits	213,771	229,452
FLAME event	26,800	20,000
On-site	99,435	—
General operations/Leadership Circle	714,690	720,890
Pre-professional support services	140,180	181,283
Youth Opportunities Program	196,817	141,588
Camps	45,175	37,675
	<u>\$ 3,584,999</u>	<u>\$ 7,051,008</u>

## 11. In-Kind Contributions

Contributions and grants include in-kind contributions for travel, hospitality, capital expenditures and direct fundraising events production expenses of \$146,741 and \$302,437 for the years ended August 31, 2019 and 2018, respectively.

## 12. Endowment Funds

COCA's endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. As required by accounting standards, assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

## COCA - CENTER OF CREATIVE ARTS

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### Notes To Consolidated Financial Statements (*Continued*)

The Board of Directors of COCA has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, COCA classifies as investments in perpetuity (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in investments in perpetuity is classified as unappropriated endowment earnings until those amounts are appropriated for expenditure by COCA in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, COCA considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- a) The duration and preservation of the funds;
- b) The purposes of COCA and the donor-restricted endowment funds;
- c) General economic conditions;
- d) The possible effect of inflation and deflation;
- e) The expected total return from income and appreciation of investments;
- f) Other resources of COCA; and
- g) The investment policies of COCA.

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires COCA to retain as a fund of perpetual duration. In accordance with GAAP, deficiencies of this nature related to market fluctuations are reported in net assets with donor restrictions. There were no such deficiencies as of August 31, 2019 or 2018. The Board of Directors has adopted a policy such that, at the discretion of the Investment Committee, COCA may elect to expend funds from donor-restricted endowment funds if deemed prudent to meet the endowment funds' objectives. The Board defines prudent as meaning not more than 7% of the fair value of a donor-restricted endowment fund may be encroached upon annually unless donor documents state otherwise.

## COCA - CENTER OF CREATIVE ARTS

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### Notes To Consolidated Financial Statements (*Continued*)

COCA has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that COCA must hold in perpetuity as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are expected, over time, to provide an average rate of return to exceed the sum of the endowment's spending rate, anticipated inflation, investment management consulting fees, and administrative costs. To achieve the endowment objective, the endowment's assets are invested to generate appreciation and/or dividend and interest income and are diversified among several classes. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate-of-return objectives, COCA relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). COCA targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints. Desired asset allocation ranges include 0% - 20% cash, 54% - 84% equity securities, 16% - 46% fixed income securities, 0% - 16% hedge funds, 0% - 16% real estate securities and 0% - 6% tangible assets.

COCA's investment and spending policies are designed to release a substantial and stable flow of funds to the operating budget and to preserve the value of endowment assets against inflation. On an annual basis, the Investment Committee will review and determine a spending rule. This determination will be based on factors such as: a) the expected total return from income and appreciation; b) other resources of the organization; c) the need to make distributions and preserve capital; and d) the donor's intent. The Investment Committee will then present their recommendation of the annual appropriation of endowment assets to the Board of Directors for their approval. For the years ended August 31, 2019 and 2018, the Board of Directors adopted a spending rule such that 5% of the rolling average of the past three December 31 balances of endowment assets was distributed. The Board of Directors adopted a spending rule such that 5% of the rolling average of the past five December 31 balances of endowment assets will be distributed beginning with the year ended August 31, 2019.

**COCA - CENTER OF CREATIVE ARTS**Notes To Consolidated Financial Statements (*Continued*)

At August 31, 2019 and 2018, COCA had the following endowment funds:

	2019				Total
	Without Donor Restrictions	Unappropriated Endowment Earnings	Investments In Perpetuity		
Donor-restricted endowment funds	\$ —	\$ 915,603	\$ 2,810,357	\$ 3,725,960	
Board-designated endowment funds	1,275,127	—	—	1,275,127	
	<u>\$ 1,275,127</u>	<u>\$ 915,603</u>	<u>\$ 2,810,357</u>	<u>\$ 5,001,087</u>	
2018					
	With Donor Restrictions			Total	
	Without Donor Restrictions	Unappropriated Endowment Earnings	Investments In Perpetuity		
Donor-restricted endowment funds	\$ —	\$ 1,067,554	\$ 2,790,475	\$ 3,858,029	
Board-designated endowment funds	516,684	—	—	516,684	
	<u>\$ 516,684</u>	<u>\$ 1,067,554</u>	<u>\$ 2,790,475</u>	<u>\$ 4,374,713</u>	

## COCA - CENTER OF CREATIVE ARTS

### Notes To Consolidated Financial Statements *(Continued)*

Changes in these endowment funds for the years ended August 31, 2019 and 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions		
		Unappropriated Endowment Earnings	Investments In Perpetuity	Total
Balance - September 1, 2017	\$ 498,800	\$ 915,200	\$ 2,696,170	\$ 4,110,170
Net investment income and investment gains	39,462	312,777	—	352,239
Proceeds from contributions restricted for endowment	—	—	94,305	94,305
Appropriation of endowment assets for expenditure	(21,578)	(160,423)	—	(182,001)
Balance - August 31, 2018	516,684	1,067,554	2,790,475	4,374,713
Net investment income and investment gains (losses)	79,137	(8,645)	—	70,492
Proceeds from contributions restricted for endowment	—	—	19,882	19,882
Transfers to board- designated endowment	720,000	—	—	720,000
Appropriation of endowment assets for expenditure	(40,694)	(143,306)	—	(184,000)
Balance - August 31, 2019	\$ 1,275,127	\$ 915,603	\$ 2,810,357	\$ 5,001,087



**13. Commitments****Parking Garage**

On December 22, 2017, COCA entered into an agreement with Washington University to lease a portion of a parking garage. The annual rent payments have been determined based on the initial period base rent commitment amortized on a straight-line basis over 30 years with an interest rate of 4%. The initial period base rent commitment is equal to \$6,970,216 plus 80.67% of the amount of capitalized interest incurred by Washington University during the period of construction of the garage. Monthly rent payments began when the garage was placed in service on June 1, 2018 and will continue through June 1, 2048. In addition to the base rent, COCA will pay additional rent equal to its pro rata share of the operating expenses of the garage.

For the years ended August 31, 2019 and 2018, rent expense recognized under the lease totaled \$452,779 and \$69,216, respectively, and is included in occupancy expense on the consolidated statement of functional expenses.

Minimum future lease payments for each of the next five years and in the aggregate thereafter are as follows:

<u>Year</u>	<u>Amount</u>
2020	\$ 415,296
2021	415,296
2022	415,296
2023	415,296
2024	415,296
Thereafter	9,897,891
	<u>\$ 11,974,371</u>

**Facility**

Following the completion of construction on the facility expansion, expected in April 2020, COCA will lease this expanded facility from the QALICB under a 25-year lease agreement, expiring December 31, 2044. In addition to the quarterly base rent, COCA will also pay for utilities, insurance, repairs and maintenance at the leased facility.

In addition, within this leased facility, COCA will sub-lease a studio to another not-for-profit organization under a 30-year lease agreement commencing when the facility expansion is placed in service, with the option to extend for one additional 30-year period. For the initial 30-year term, base rent will be based on the tenant's pro-rata share of the approved construction budget, payable in two equal installments. The first installment was due 30 days after the execution of the lease agreement on February 9, 2019 and the second installment is due on the date the facility expansion is placed in service. At August 31, 2019, \$926,308 of pre-payments have been received and are included in deferred revenue on the consolidated statement of financial position. Base rent for the initial term is \$1,852,616. In addition to the base rent, the tenant will also pay additional rent equal to the tenant's pro-rata share (which amounts to 3.717%) of the operating expenses of the facility expansion as determined annually.

#### **14. Contingencies**

The NMTC transaction includes a guaranty agreement on behalf of the Investment Fund and an Investment Fund Put and Call Agreement. The QALICB is a Qualified Active Low-Income Community Business. As a result, COCA, the Leverage Lender and the QALICB (collectively, the Guarantors) guarantee NMTC compliance in connection with the loans obtained from the sub-CDEs to prevent recapture of these credits. This guarantee will be up to the full amount of any recapture and/or lost credits, including interest and penalties thereon. In addition, the Guarantors have made other guarantees for the benefit of the Investment Fund, such as payment of the NMTC Guaranteed Amount and environmental indemnification. The maximum potential amount of future payments cannot readily be determined due to the nature of these guarantees.

Following the earlier of (a) the seventh anniversary of the date of the last qualified equity investment made by the Investment Fund with respect to any qualified low-income community investment in the QALICB, and (b) the date that a Recapture Event has occurred, the Investment Fund shall have the right and option, but not the obligation, to require the Leverage Lender to purchase all of the Investment Fund's interest in the sub-CDEs. The purchase price for the Investment Fund's interest shall be \$1,000 and any further amounts payable to the Investment Fund as defined in the Investment Fund Put and Call Agreement. The Investment Fund shall have 180 days to exercise its option. Provided the Investment Fund has not exercised its option, the Leverage Lender shall have the right and option, but not the obligation, to purchase all of the Investment Fund's interest for 180 days. If the Leverage Lender exercises its option, the purchase price for the Investment Fund's interest shall be an amount equal to the fair market value of the Investment Fund's interest as defined in the Investment Fund Put and Call Agreement. These options are expected to be exercised and will ultimately result in the Leverage Lender owning the Investment Fund's interest in the sub-CDEs, including the debt to the QALICB. This ownership acquisition will allow the Leverage Lender to "collapse" the NMTC deal, repaying all outstanding obligations with no additional capital outlay.

### **15. Concentrations**

For the year ended August 31, 2019, approximately 17% of total support was from one donor. In addition, at August 31, 2019, approximately 44% of gross promises to give were from two donors.

For the year ended August 31, 2018, approximately 62% of total support was from three donors. In addition, at August 31, 2018, approximately 49% of gross promises to give were from three donors.

All concentrations noted above are from gifts to COCA's Create Our Future Campaign.

### **16. Related Party Transactions**

Companies affiliated with members of COCA's Board of Directors were paid approximately \$285,000 and \$84,000 during the years ended August 31, 2019 and 2018, respectively, for legal services, catering for special events, and construction services.

## COCA - CENTER OF CREATIVE ARTS

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Notes To Consolidated Financial Statements (*Continued*)

### 17. Liquidity And Availability Of Resources

COCA has the following liquid assets available for general expenditures in the next year:

	<u>2019</u>
<b>Financial Assets</b>	
Cash and cash equivalents	\$ 6,516,616
Restricted cash	541,159
Accounts receivable	22,657
Promises to give	12,446,644
Investments	5,008,405
<b>Total Financial Assets</b>	<u>24,535,481</u>
<b>Less Amounts Not Available To Be Used For General Expenditures Within One Year</b>	
Amounts designated by the Board	1,569,234
Amounts with contractual restrictions	541,159
Time and purpose donor restrictions	17,937,186
Amounts restricted for endowment	2,817,675
<b>Total Amounts Not Available To Be Used For General Expenditures Within One Year</b>	<u>22,865,254</u>
	<u>\$ 1,670,227</u>

In addition to the liquid assets noted above, COCA also has access to a revolving line-of-credit as described in Note 8 to provide any short-term liquidity needs.

The Board of Directors have designated a portion of net assets without donor restrictions for a capital reserve and for endowment. These funds are invested for long-term appreciation and current income but remain available and may be spent at the discretion of the Board.



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## Independent Auditors' Report On Supplementary Information

Board of Directors  
COCA - Center of Creative Arts  
St. Louis, Missouri

We have audited the consolidated financial statements of COCA - Center of Creative Arts and affiliates (collectively, COCA) as of and for the years ended August 31, 2019 and 2018, and our report thereon dated January 27, 2020, which expressed an unmodified opinion on those consolidated financial statements, appears on pages 1 and 2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and activities and schedules of functional expenses, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

*RubinBrown LLP*

January 27, 2020

# COCA - CENTER OF CREATIVE ARTS

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2019

Assets					
	COCA	QALICB	Leverage Lender	Eliminations	Total
Cash and cash equivalents	\$ 6,124,802	\$ 97,707	\$ —	\$ —	\$ 6,222,509
Cash and cash equivalents - Board-designated reserve	294,107	—	—	—	294,107
Restricted cash	—	541,159	—	—	541,159
Accounts receivable	22,657	—	—	—	22,657
Promises to give	12,446,644	—	—	—	12,446,644
Prepaid expenses	51,503	—	—	—	51,503
Note and interest receivable	—	—	10,498,869	—	10,498,869
Property and equipment	1,968,776	17,508,322	—	(241,444)	19,235,654
Assets restricted and/or designated for endowment	5,008,405	—	—	—	5,008,405
<b>Total Assets</b>	<b>\$ 25,916,894</b>	<b>\$ 18,147,188</b>	<b>\$ 10,498,869</b>	<b>\$ (241,444)</b>	<b>\$ 54,321,507</b>

Liabilities And Net Assets					
<b>Liabilities</b>					
Long-term debt	\$ —	\$ 16,736,000	\$ —	\$ —	\$ 16,736,000
Less: Unamortized debt issuance costs	—	(589,685)	—	—	(589,685)
Long-term debt less unamortized debt issuance costs	—	16,146,315	—	—	16,146,315
Accounts payable and accrued expenses	249,215	1,288,539	—	—	1,537,754
Deferred revenue	1,176,203	—	—	—	1,176,203
<b>Total Liabilities</b>	<b>1,425,418</b>	<b>17,434,854</b>	<b>—</b>	<b>—</b>	<b>18,860,272</b>
<b>Net Assets</b>					
Without Donor Restrictions					
Undesignated	(1,423,193)	601,085	—	—	(822,108)
Board-designated endowment	1,275,127	—	—	—	1,275,127
Board-designated capital building reserve	294,107	—	—	—	294,107
Investment in note and interest receivable	—	—	10,498,869	—	10,498,869
Investment in property and equipment	1,874,931	(6,495,291)	—	(241,444)	(4,861,804)
Total Without Donor Restrictions	2,020,972	(5,894,206)	10,498,869	(241,444)	6,384,191
With Donor Restrictions	22,470,504	6,606,540	—	—	29,077,044
<b>Total Net Assets</b>	<b>24,491,476</b>	<b>712,334</b>	<b>10,498,869</b>	<b>(241,444)</b>	<b>35,461,235</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 25,916,894</b>	<b>\$ 18,147,188</b>	<b>\$ 10,498,869</b>	<b>\$ (241,444)</b>	<b>\$ 54,321,507</b>

**COCA - CENTER OF CREATIVE ARTS**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For The Year Ended August 31, 2019**

	COCA			QALICB	Leverage Lender	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total				
<b>Support</b>							
Contributions and grants - operations	\$ 62,498	\$ 1,735,589	\$ 1,798,087	\$ —	\$ —	\$ —	\$ 1,798,087
Contributions and grants - capital	—	900,000	900,000	—	—	—	900,000
Contributions and grants - Create Our Future Campaign	—	2,057,622	2,057,622	—	—	—	2,057,622
Youth Opportunities Program contributions	—	106,269	106,269	—	—	—	106,269
Adjustment to discount on long-term promises to give	—	348,800	348,800	—	—	—	348,800
<b>Total contributions and grants</b>	<b>62,498</b>	<b>5,148,280</b>	<b>5,210,778</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,210,778</b>
Fundraising event revenue	862,266	126,800	989,066	—	—	—	989,066
Costs of direct benefits to donors	(332,690)	—	(332,690)	—	—	—	(332,690)
<b>Net revenues from fundraising events</b>	<b>529,576</b>	<b>126,800</b>	<b>656,376</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>656,376</b>
<b>Total Support</b>	<b>592,074</b>	<b>5,275,080</b>	<b>5,867,154</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>5,867,154</b>
<b>Revenue And Gains (Losses)</b>							
Program revenues:							
Education (net of \$234,939 of scholarships)	968,111	—	968,111	—	—	—	968,111
Camps	647,147	—	647,147	—	—	—	647,147
COCAedu	173,164	—	173,164	—	—	—	173,164
Productions and exhibits	203,359	—	203,359	—	—	—	203,359
COCAbiz	177,185	—	177,185	—	—	—	177,185
Interest and dividends	62,743	54,386	117,129	—	77,155	—	194,284
Unrealized gain (loss) on investments	66,128	(116,666)	(50,538)	—	—	—	(50,538)
Realized gain on investments	5,912	53,635	59,547	—	—	—	59,547
Miscellaneous	12,668	—	12,668	—	—	—	12,668
<b>Total Revenue And Gains (Losses)</b>	<b>2,316,417</b>	<b>(8,645)</b>	<b>2,307,772</b>	<b>—</b>	<b>77,155</b>	<b>—</b>	<b>2,384,927</b>
<b>Net Assets Released From Restrictions</b>	<b>3,584,999</b>	<b>(3,584,999)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Appropriation Of Endowment Investment Earnings</b>	<b>143,306</b>	<b>(143,306)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Support, Revenue And Gains (Losses)</b>	<b>6,636,796</b>	<b>1,538,130</b>	<b>8,174,926</b>	<b>—</b>	<b>77,155</b>	<b>—</b>	<b>8,252,081</b>
<b>Expenses And Losses</b>							
Program:							
Education	1,777,232	—	1,777,232	96,249	—	—	1,873,481
Camps	674,055	—	674,055	—	—	—	674,055
COCAedu	552,218	—	552,218	—	—	—	552,218
Productions and exhibits	663,140	—	663,140	—	—	—	663,140
COCAbiz	301,712	—	301,712	—	—	—	301,712
<b>Total Program Expenses</b>	<b>3,968,357</b>	<b>—</b>	<b>3,968,357</b>	<b>96,249</b>	<b>—</b>	<b>—</b>	<b>4,064,606</b>
Management and general	1,196,564	—	1,196,564	26,662	—	—	1,223,226
Fundraising:							
Create Our Future Campaign	378,627	—	378,627	—	—	—	378,627
Development	648,770	—	648,770	—	—	—	648,770
<b>Total Expenses</b>	<b>6,192,318</b>	<b>—</b>	<b>6,192,318</b>	<b>122,911</b>	<b>—</b>	<b>—</b>	<b>6,315,229</b>
Loss on uncollectible promises to give	28,000	(10,333)	17,667	—	—	—	17,667
<b>Total Expenses And Losses</b>	<b>6,220,318</b>	<b>(10,333)</b>	<b>6,209,985</b>	<b>122,911</b>	<b>—</b>	<b>—</b>	<b>6,332,896</b>
<b>Increase (Decrease) In Net Assets Before Transfers</b>	<b>416,478</b>	<b>1,548,463</b>	<b>1,964,941</b>	<b>(122,911)</b>	<b>77,155</b>	<b>—</b>	<b>1,919,185</b>
<b>Transfers Between Entities</b>	<b>(4,408,975)</b>	<b>(6,606,540)</b>	<b>(11,015,515)</b>	<b>835,245</b>	<b>10,421,714</b>	<b>(241,444)</b>	<b>—</b>
<b>Increase (Decrease) In Net Assets</b>	<b>(3,992,497)</b>	<b>(5,058,077)</b>	<b>(9,050,574)</b>	<b>712,334</b>	<b>10,498,869</b>	<b>(241,444)</b>	<b>1,919,185</b>
<b>Net Assets - Beginning Of Year</b>	<b>6,013,469</b>	<b>27,528,581</b>	<b>33,542,050</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>33,542,050</b>
<b>Net Assets - End Of Year</b>	<b>\$ 2,020,972</b>	<b>\$ 22,470,504</b>	<b>\$ 24,491,476</b>	<b>\$ 712,334</b>	<b>\$ 10,498,869</b>	<b>\$ (241,444)</b>	<b>\$ 35,461,235</b>

**COCA - CENTER OF CREATIVE ARTS**  
**SCHEDULE OF FUNCTIONAL EXPENSES - COCA**  
**For The Year Ended August 31, 2019**

	Program						Fundraising				
	Education	Camps	COCAedu	Productions		Total	Management And General	Create Our Future Campaign	Development		Total
				And Exhibits	COCAbiz				And Fundraising	Events	
Salaries and wages	\$ 884,571	\$ 304,496	\$ 391,067	\$ 329,373	\$ 218,948	\$ 2,128,455	\$ 551,796	\$ 276,803	\$ 443,611	\$ 720,414	\$ 3,400,665
Consultants	86,400	37,640	39,510	52,875	8,460	224,885	871	450	14,550	15,000	240,756
Health insurance	24,684	4,229	7,699	1,806	9,895	48,313	22,772	7,019	13,552	20,571	91,656
Payroll taxes	66,342	23,914	30,865	27,222	16,288	164,631	41,877	19,889	32,682	52,571	259,079
Advertising and marketing	—	—	—	—	—	—	180,426	—	—	—	180,426
Artist accommodations and hospitality	1,307	4,091	—	25,653	2,671	33,722	—	—	—	—	33,722
Artist fees	—	—	5,089	15,000	13,000	33,089	—	—	—	—	33,089
Bad debt expense	—	—	—	—	—	—	4,646	—	—	—	4,646
Building occupancy	416,612	207,998	17,552	63,915	12,556	718,633	30,323	—	16,191	16,191	765,147
Depreciation	99,294	21,627	9,483	14,660	3,806	148,870	9,592	—	9,483	9,483	167,945
Donor cultivation	—	—	—	—	—	—	—	3,836	24,383	28,219	28,219
Event expenses	—	—	—	—	2,486	2,486	—	41,330	54,272	95,602	98,088
Insurance	26,017	6,323	4,228	12,842	1,910	51,320	8,766	—	2,060	2,060	62,146
Interest	—	—	—	—	—	—	—	—	—	—	—
Miscellaneous	5	—	—	—	—	5	—	—	—	—	5
Office	6,597	1,962	899	697	—	10,155	47,432	195	2,659	2,854	60,441
Postage and shipping	11,898	7,117	—	5,654	1,534	26,203	3,690	1,552	2,733	4,285	34,178
Professional fees	—	—	—	—	—	—	94,957	15,939	—	15,939	110,896
Program supplies	34,710	31,286	16,311	72,338	1,024	155,669	—	—	—	—	155,669
Service charges	—	—	—	—	—	—	105,968	11,510	2,760	14,270	120,238
Technology	33,890	10,575	12,342	30,856	6,087	93,750	66,642	104	20,719	20,823	181,215
Training	11,567	—	1,014	987	—	13,568	20,805	—	3,088	3,088	37,461
Transportation	14,782	43	10,567	617	803	26,812	345	—	435	435	27,592
Utilities	58,556	12,754	5,592	8,645	2,244	87,791	5,656	—	5,592	5,592	99,039
	\$ 1,777,232	\$ 674,055	\$ 552,218	\$ 663,140	\$ 301,712	\$ 3,968,357	\$ 1,196,564	\$ 378,627	\$ 648,770	\$ 1,027,397	\$ 6,192,318



**COCA - CENTER OF CREATIVE ARTS**  
**SCHEDULE OF FUNCTIONAL EXPENSES - COCA**  
**For The Year Ended August 31, 2018**

	Program						Fundraising					
	Education	Camps	COCAedu	Productions		Total	Management And General	Create Our	Development		Total	Total
				And Exhibits	COCAbiz			Future Campaign	And Fundraising Events			
Salaries and wages	\$ 858,858	\$ 359,035	\$ 363,273	\$ 297,196	\$ 204,640	\$ 2,083,002	\$ 372,225	\$ 479,436	\$ 429,479	\$ 908,915	\$ 3,364,142	
Consultants	8,400	54,712	47,408	66,854	9,172	186,546	2,489	38,755	11,800	50,555	239,590	
Health insurance	23,820	4,178	6,685	1,980	8,049	44,712	13,128	12,185	15,892	28,077	85,917	
Payroll taxes	63,720	29,903	28,240	23,825	15,761	161,449	29,895	33,724	31,912	65,636	256,980	
Advertising and marketing	—	—	—	—	—	—	198,373	—	—	—	198,373	
Artist accommodations and hospitality	—	10,624	—	42,051	3,791	56,466	—	—	—	—	56,466	
Artist fees	—	—	3,700	54,800	25,250	83,750	—	—	—	—	83,750	
Bad debt expense	—	—	—	—	—	—	2,169	—	—	—	2,169	
Building occupancy	202,135	130,125	17,771	79,437	18,354	447,822	21,598	711	18,217	18,928	488,348	
Depreciation	245,784	59,981	21,153	90,925	15,866	433,709	21,153	—	21,153	21,153	476,015	
Donor cultivation	—	—	—	—	—	—	—	19,151	29,112	48,263	48,263	
Event expenses	—	—	—	—	750	750	—	8,135	60,652	68,787	69,537	
Insurance	35,355	10,283	5,524	18,069	3,310	72,541	11,161	—	2,596	2,596	86,298	
Miscellaneous	350	—	—	—	—	350	—	—	—	—	350	
Office	6,167	2,385	946	10,063	31	19,592	62,314	752	4,156	4,908	86,814	
Postage and shipping	13,357	7,216	—	5,238	1,444	27,255	5,053	2,462	4,077	6,539	38,847	
Professional fees	—	4,567	—	—	—	4,567	94,949	22,690	—	22,690	122,206	
Program supplies	34,598	40,361	19,392	73,780	1,866	169,997	—	—	—	—	169,997	
Service charges	—	—	—	—	—	—	130,183	10,569	2,908	13,477	143,660	
Technology	39,961	15,136	13,433	34,557	7,737	110,824	94,570	743	21,310	22,053	227,447	
Training	14,522	—	6,659	—	467	21,648	22,860	3,364	1,989	5,353	49,861	
Transportation	11,263	323	13,590	312	220	25,708	365	—	149	149	26,222	
Utilities	63,778	16,983	5,587	24,016	4,190	114,554	5,587	—	5,587	5,587	125,728	
	\$ 1,622,068	\$ 745,812	\$ 553,361	\$ 823,103	\$ 320,898	\$ 4,065,242	\$ 1,088,072	\$ 632,677	\$ 660,989	\$ 1,293,666	\$ 6,446,980	

**COCA - CENTER OF CREATIVE ARTS**  
**SCHEDULE OF FUNCTIONAL EXPENSES - QALICB**  
**For The Year Ended August 31, 2019**

	Program						Fundraising					
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Total	Management And General	Create Our	Development		Total	Total
								Future Campaign	And Fundraising	Events		
Salaries and wages	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consultants	—	—	—	—	—	—	—	—	—	—	—	—
Health insurance	—	—	—	—	—	—	—	—	—	—	—	—
Payroll taxes	—	—	—	—	—	—	—	—	—	—	—	—
Advertising and marketing	—	—	—	—	—	—	—	—	—	—	—	—
Artist accommodations and hospitality	—	—	—	—	—	—	—	—	—	—	—	—
Artist fees	—	—	—	—	—	—	—	—	—	—	—	—
Bad debt expense	—	—	—	—	—	—	—	—	—	—	—	—
Building occupancy	—	—	—	—	—	—	—	—	—	—	—	—
Depreciation	80,680	—	—	—	—	80,680	—	—	—	—	—	80,680
Donor cultivation	—	—	—	—	—	—	—	—	—	—	—	—
Event expenses	—	—	—	—	—	—	—	—	—	—	—	—
Insurance	—	—	—	—	—	—	—	—	—	—	—	—
Interest	15,569	—	—	—	—	15,569	—	—	—	—	—	15,569
Miscellaneous	—	—	—	—	—	—	—	—	—	—	—	—
Office	—	—	—	—	—	—	—	—	—	—	—	—
Postage and shipping	—	—	—	—	—	—	—	—	—	—	—	—
Professional fees	—	—	—	—	—	—	26,018	—	—	—	—	26,018
Program supplies	—	—	—	—	—	—	—	—	—	—	—	—
Service charges	—	—	—	—	—	—	644	—	—	—	—	644
Technology	—	—	—	—	—	—	—	—	—	—	—	—
Training	—	—	—	—	—	—	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Utilities	—	—	—	—	—	—	—	—	—	—	—	—
	\$ 96,249	\$ —	\$ —	\$ —	\$ —	\$ 96,249	\$ 26,662	\$ —	\$ —	\$ —	\$ —	\$ 122,911