
**COCA - CENTER OF
CREATIVE ARTS**
CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2020



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Independent Auditors' Report

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, 2020 and 2019, and the related consolidated statements of activities, functional expenses 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, 2020 and 2019, 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.

RubinBrown LLP

February 4, 2021

COCA - CENTER OF CREATIVE ARTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
August 31, 2020 And 2019

	Assets		Total	
	Without Donor Restrictions	With Donor Restrictions	2020	2019
	\$	\$	\$	\$
Cash and cash equivalents	2,547,618	325,234	2,872,852	6,222,509
Cash and cash equivalents - Board-designated reserve	347,407	—	347,407	294,107
Restricted cash	467,535	—	467,535	541,159
Accounts receivable	10,685	—	10,685	22,657
Promises to give	8,607,471	987,398	9,594,869	12,446,644
Prepaid expenses	126,940	—	126,940	51,503
Note and interest receivable	10,498,869	—	10,498,869	10,498,869
Property and equipment	34,694,835	—	34,694,835	19,235,654
Assets restricted and/or designated for endowment	1,653,463	3,981,512	5,634,975	5,008,405
Total Assets	\$ 58,954,823	\$ 5,294,144	\$ 64,248,967	\$ 54,321,507

Liabilities And Net Assets				
Liabilities				
Long-term debt	\$ 24,589,283	\$ —	\$ 24,589,283	\$ 16,736,000
Less: Unamortized debt issuance costs	(557,393)	—	(557,393)	(589,685)
Long-term debt less unamortized debt issuance costs	24,031,890	—	24,031,890	16,146,315
Paycheck Protection Program loan	741,800	—	741,800	—
Accounts payable and accrued expenses	1,811,149	—	1,811,149	1,537,754
Deferred revenue	2,028,514	—	2,028,514	1,176,203
Total Liabilities	28,613,353	—	28,613,353	18,860,272
Net Assets				
Without Donor Restrictions				
Undesignated	(219,993)	—	(219,993)	(822,108)
Board-designated endowment	1,653,463	—	1,653,463	1,275,127
Board-designated capital building reserve	347,407	—	347,407	294,107
Board-designated debt service reserve	8,607,471	—	8,607,471	—
Investment in note and interest receivable	10,498,869	—	10,498,869	10,498,869
Investment in property and equipment	9,454,253	—	9,454,253	(4,861,804)
Total Without Donor Restrictions	30,341,470	—	30,341,470	6,384,191
With Donor Restrictions	—	5,294,144	5,294,144	29,077,044
Total Net Assets	30,341,470	5,294,144	35,635,614	35,461,235
Total Liabilities And Net Assets	\$ 58,954,823	\$ 5,294,144	\$ 64,248,967	\$ 54,321,507

COCA - CENTER OF CREATIVE ARTS
CONSOLIDATED STATEMENT OF ACTIVITIES
For The Year Ended August 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Contributions and grants - operations	\$ 68,306	\$ 1,547,424	\$ 1,615,730
Contributions and grants - Create Our Future Campaign	—	1,284,186	1,284,186
Adjustment to discount on long-term promises to give	—	214,400	214,400
Total contributions and grants	68,306	3,046,010	3,114,316
Fundraising event revenue	686,937	608,070	1,295,007
Costs of direct benefits to donors	(130,687)	—	(130,687)
Net revenues from fundraising events	556,250	608,070	1,164,320
Total Support	624,556	3,654,080	4,278,636
Revenue And Gains (Losses)			
Program revenues:			
Education (net of \$198,023 of scholarships)	894,660	—	894,660
Camps	70,499	—	70,499
COCAedu	115,515	—	115,515
Productions and exhibits	136,046	—	136,046
COCAbiz	76,416	—	76,416
Interest and dividends	134,221	51,583	185,804
Unrealized gain on investments	123,999	336,704	460,703
Realized loss on investments	(11,622)	(23,670)	(35,292)
Miscellaneous	13,430	—	13,430
Total Revenue And Gains (Losses)	1,553,164	364,617	1,917,781
Net Assets Released From Restrictions	27,407,414	(27,407,414)	—
Appropriation Of Endowment Investment Earnings	135,944	(135,944)	—
Total Support, Revenue And Gains (Losses)	29,721,078	(23,524,661)	6,196,417
Expenses And Losses			
Program:			
Education	2,069,253	—	2,069,253
Camps	332,837	—	332,837
COCAedu	481,854	—	481,854
Productions and exhibits	582,976	—	582,976
COCAbiz	198,228	—	198,228
Total Program Expenses	3,665,148	—	3,665,148
Management and general	993,652	—	993,652
Fundraising:			
Create Our Future Campaign	257,740	—	257,740
Development and fundraising events	847,259	—	847,259
Total Expenses	5,763,799	—	5,763,799
Loss on uncollectible promises to give	—	258,239	258,239
Total Expenses And Losses	5,763,799	258,239	6,022,038
Increase (Decrease) In Net Assets	23,957,279	(23,782,900)	174,379
Net Assets - Beginning Of Year	6,384,191	29,077,044	35,461,235
Net Assets - End Of Year	\$ 30,341,470	\$ 5,294,144	\$ 35,635,614

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

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
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
Total contributions and grants	62,498	5,148,280	5,210,778
Fundraising event revenue	862,266	126,800	989,066
Costs of direct benefits to donors	(332,690)	—	(332,690)
Net revenues from fundraising events	529,576	126,800	656,376
Total Support	592,074	5,275,080	5,867,154
Revenue And Gains (Losses)			
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
Total Revenue And Gains (Losses)	2,393,572	(8,645)	2,384,927
Net Assets Released From Restrictions	3,584,999	(3,584,999)	—
Appropriation Of Endowment Investment Earnings	143,306	(143,306)	—
Total Support, Revenue And Gains (Losses)	6,713,951	1,538,130	8,252,081
Expenses And Losses			
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
Total Program Expenses	4,064,606	—	4,064,606
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
Total Expenses	6,315,229	—	6,315,229
Loss on uncollectible promises to give	28,000	(10,333)	17,667
Total Expenses And Losses	6,343,229	(10,333)	6,332,896
Increase In Net Assets	370,722	1,548,463	1,919,185
Net Assets - Beginning Of Year	6,013,469	27,528,581	33,542,050
Net Assets - End Of Year	\$ 6,384,191	\$ 29,077,044	\$ 35,461,235

COCA - CENTER OF CREATIVE ARTS
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For The Year Ended August 31, 2020

	Program						Fundraising				
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Total	Management And General	Create Our		Total	Total
								Future Campaign	Development And Fundraising Events		
Salaries and wages	\$ 927,297	\$ 121,351	\$ 342,384	\$ 297,071	\$ 137,804	\$ 1,825,907	\$ 466,740	\$ 209,579	\$ 599,702	\$ 809,281	\$ 3,101,928
Consultants	49,477	17,710	18,913	61,890	2,000	149,990	454	21,999	10,000	31,999	182,443
Health insurance	38,594	1,792	7,241	3,523	4,557	55,707	15,851	5,008	19,573	24,581	96,139
Payroll taxes	67,344	9,280	26,166	23,151	10,128	136,069	37,703	11,143	44,641	55,784	229,556
Advertising and marketing	—	—	—	—	—	—	88,416	—	—	—	88,416
Artist accommodations and hospitality	619	558	—	12,266	296	13,739	—	—	—	—	13,739
Artist fees	—	—	—	—	3,200	3,200	—	—	—	—	3,200
Bad debt expense	—	—	—	—	—	—	3,403	—	—	—	3,403
Building occupancy	412,225	83,579	38,436	65,285	21,651	621,176	38,630	—	38,242	38,242	698,048
Depreciation	277,273	20,825	9,131	14,117	3,665	325,011	9,237	—	9,131	9,131	343,379
Donor cultivation	—	—	—	—	—	—	—	—	15,201	15,201	15,201
Event expenses	—	—	—	—	271	271	—	—	64,403	64,403	64,674
Insurance	42,247	10,365	6,131	13,419	3,021	75,183	8,707	—	3,306	3,306	87,196
Interest	67,624	2,107	924	1,428	370	72,453	934	—	924	924	74,311
Miscellaneous	(1,228)	—	—	—	—	(1,228)	—	—	—	—	(1,228)
Office	3,950	2,471	96	1,966	—	8,483	32,731	—	3,107	3,107	44,321
Postage and shipping	3,371	7,671	—	2,449	535	14,026	4,601	11	17,268	17,279	35,906
Professional fees	—	—	—	—	—	—	150,940	10,000	—	10,000	160,940
Program supplies	17,606	20,030	6,179	32,703	361	76,879	—	—	1,088	1,088	77,967
Service charges	—	—	—	—	—	—	80,438	—	8,355	8,355	88,793
Technology	77,772	19,008	13,176	40,410	7,121	157,487	38,973	—	4,554	4,554	201,014
Training	5,162	—	1,837	2,391	—	9,390	8,529	—	554	554	18,473
Transportation	6,044	—	4,185	—	416	10,645	229	—	155	155	11,029
Utilities	73,876	16,090	7,055	10,907	2,832	110,760	7,136	—	7,055	7,055	124,951
	\$ 2,069,253	\$ 332,837	\$ 481,854	\$ 582,976	\$ 198,228	\$ 3,665,148	\$ 993,652	\$ 257,740	\$ 847,259	\$ 1,104,999	\$ 5,763,799

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

	Program						Fundraising				
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Total	Management And General	Create Our Future Campaign	Development And Fundraising Events	Total	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
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	179,974	21,627	9,483	14,660	3,806	229,550	9,592	—	9,483	9,483	248,625
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	15,569	—	—	—	—	15,569	—	—	—	—	15,569
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	—	—	—	—	—	—	120,975	15,939	—	15,939	136,914
Program supplies	34,710	31,286	16,311	72,338	1,024	155,669	—	—	—	—	155,669
Service charges	—	—	—	—	—	—	106,612	11,510	2,760	14,270	120,882
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
	\$ 1,873,481	\$ 674,055	\$ 552,218	\$ 663,140	\$ 301,712	\$ 4,064,606	\$ 1,223,226	\$ 378,627	\$ 648,770	\$ 1,027,397	\$ 6,315,229

COCA - CENTER OF CREATIVE ARTS

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years	
	Ended August 31,	
	2020	2019
Cash Flows From Operating Activities		
Increase in net assets	\$ 174,379	\$ 1,919,185
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Unrealized (gain) loss on investments	(460,703)	50,538
Realized (gain) loss on investments	35,292	(59,547)
Depreciation	343,379	248,625
Amortization of debt issuance costs	32,292	15,569
Contributions restricted for Create Our Future Campaign	(1,482,186)	(2,408,622)
Contributions restricted for endowment	(19,561)	(12,000)
Contributions restricted for capital	—	(900,000)
Donated capital expenditures	—	(76,000)
Loss on uncollectible promises to give	258,239	17,667
Changes in assets and liabilities:		
Accounts receivable	11,972	28,506
Promises to give	70,401	37,870
Prepaid expenses	(75,437)	46,903
Interest receivable	—	(17,469)
Accounts payable and accrued expenses	315,461	(88,024)
Deferred revenue	852,311	901,014
Net Cash Provided By (Used In) Operating Activities	55,839	(295,785)
Cash Flows From Investing Activities		
Purchases of investments	(499,770)	(1,021,123)
Proceeds from sale of investments	302,053	403,758
Payments for note receivable	—	(10,481,400)
Capital expenditures	(15,844,626)	(11,946,432)
Net Cash Used In Investing Activities	(16,042,343)	(23,045,197)
Cash Flows From Financing Activities		
Payments for debt issuance costs	—	(538,106)
Proceeds from borrowings on long-term debt	7,853,283	16,736,000
Proceeds received from contributions restricted for endowment	16,119	19,882
Proceeds received from contributions restricted for Create Our Future Campaign	4,005,321	5,397,741
Proceeds received from contributions restricted for capital	—	900,000
Proceeds from Paycheck Protection Program loan	741,800	—
Net Cash Provided By Financing Activities	12,616,523	22,515,517
Net Decrease In Cash And Cash Equivalents	(3,369,981)	(825,465)
Cash, Cash Equivalents And Restricted Cash - Beginning Of Year	7,057,775	7,883,240
Cash, Cash Equivalents And Restricted Cash - End Of Year	\$ 3,687,794	\$ 7,057,775
Supplemental Disclosure Of Cash Flow Information		
Interest paid		
Capital expenditures included in accounts payable and accrued expenses	\$ 319,505	\$ 98,857
	1,208,692	1,250,758

COCA - CENTER OF CREATIVE ARTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2020 And 2019

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.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

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” and “net assets with donor restrictions.”

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, 2020 was approximately \$3,053,000.

Restricted Cash

At August 31, 2020, restricted cash consists of an IFF CDE Reserve and NCIF CDE Reserve with balances of \$253,277 and \$214,258, respectively. At August 31, 2019, the balances of the IFF CDE Reserve and NCIF CDE Reserve were \$298,401 and \$242,758, 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, that is, those with a measurable performance or other barrier, are recognized as support when the conditions upon which they depend are 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, 2020 or 2019.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

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:

Buildings 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 2020 or 2019.

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.

Prepayments of the studio sub-lease by another not-for-profit organization are recorded as deferred revenue. The first installment was due 30 days after the execution of the lease agreement on February 9, 2019 and the second installment was due on the date the facility expansion was placed in service on August 1, 2020. This 30-year sub-lease agreement commenced when the facility expansion was placed in service. Rental income is recognized on a monthly pro-rata basis over the term of the lease. At August 31, 2020 and 2019, \$1,847,470 and \$926,308, respectively, of prepayments have been received but not yet recognized as revenue.

Forgivable Note Payable

COCA has a loan that is part of the Paycheck Protection Program (PPP) established under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and administered by the U.S. Small Business Administration (SBA). In accordance with the requirements of the CARES Act, COCA expects to use the proceeds from the loan exclusively for qualified expenses under the PPP, including payroll costs and rent and utility costs, as further detailed in the CARES Act and applicable guidance issued by the SBA. COCA considers the PPP loan to be debt, subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470, *Debt*. COCA will not impute additional interest at a market rate as transactions where interest rates are prescribed by governmental agencies are not subject to the accounting guidance on imputing interest.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

The loan will remain recorded as a liability until either (1) the loan is, in part or wholly, forgiven and the debtor has been legally released or (2) the debtor pays off the loan to the creditor. Once the loan is, in part or wholly, forgiven and legal release is received, COCA will reduce the liability by the amount forgiven and record a gain on extinguishment.

COCA intends to apply for forgiveness of all principal and interest, in an amount equal to the sum of qualified expenses under the PPP incurred up to 24 weeks following initial disbursement. Notwithstanding COCA's expected eligibility for forgiveness, no assurance can be given that COCA will obtain forgiveness of all or any portion of the amounts due.

Debt Issuance Costs

Debt issuance costs of \$605,254 were capitalized 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 \$47,861 and \$15,569 at August 31, 2020 and 2019, respectively.

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

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 (289 and 490 in 2020 and 2019, respectively) have also donated a significant amount of their time (2,983 and 7,522 hours in 2020 and 2019, 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.

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 (such as salaries and wages, health insurance and payroll taxes) or square footage (such as building occupancy, depreciation and utilities). 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 \$88,416 and \$180,426 for 2020 and 2019, 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 Pronouncements

During 2020, COCA adopted the following FASB Accounting Standards Updates (ASU):

ASU 2018-08 - *Clarifying the Scope and Accounting Guidance for Contributions Received and Made*: This provides enhanced guidance to assist entities in evaluating whether transactions should be accounted for as contributions or reciprocal transactions. Implementation did not have a material impact on COCA's consolidated financial statements.

ASU 2016-18 - *Statement of Cash Flows (Topic 230): Restricted Cash*: The objective of this change is to reduce the diversity that exists in the classification and presentation of the changes in restricted cash on the statement of cash flows. This ASU requires that amounts generally described as restricted cash be included within cash and cash equivalents when reconciling beginning-of-period and end-of-period total amounts shown on the consolidated statement of cash flows.

COCA's implementation of this ASU resulted in certain presentation changes on the consolidated statement of cash flows. The effect of these changes has been applied retrospectively. For the year ended August 31, 2019, cash flow from investing activities increased \$541,159.

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:

	2020			
	Create Our Future			Total
	Operating	Campaign	Endowment	
Less than one year	\$ 834,948	\$ 1,948,037	\$ 6,060	\$ 2,789,045
One - five years	203,750	6,229,434	5,000	6,438,184
More than five years	—	1,610,000	—	1,610,000
	1,038,698	9,787,471	11,060	10,837,229
Less: Discount to record at present value	13,300	818,000	300	831,600
Less: Allowance for doubtful promises to give	38,000	362,000	—	400,000
	\$ 987,398	\$ 8,607,471	\$ 10,760	\$ 9,605,629

	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

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

Notes To Consolidated Financial Statements (*Continued*)

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

	<u>2020</u>	<u>2019</u>
Promises to give	\$ 9,594,869	\$ 12,446,644
Assets restricted/designated for endowment	10,760	7,318
	<u>\$ 9,605,629</u>	<u>\$ 12,453,962</u>

As of August 31, 2020 and 2019, COCA had donor commitments to be paid from donor-advised funds and community foundations totaling approximately \$170,000 and \$277,000, 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>2020</u>	<u>2019</u>
Prepaid insurance	\$ 17,887	\$ 28,531
Prepaid program expenses	100,225	20,775
Other	8,828	2,197
	<u>\$ 126,940</u>	<u>\$ 51,503</u>

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, 2020 and 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:

	2020		2019	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 69,950	\$ 69,954	\$ 88,462	\$ 88,614
Fixed income mutual funds				
Global high yield	42,125	41,403	40,500	40,303
International developed	178,357	188,628	171,170	187,322
Investment grade taxable	788,524	861,814	759,316	794,539
Hedge funds				
Market neutral	141,550	148,875	137,450	138,630
Managed futures	—	—	49,000	48,840
Long/short equity	117,725	140,376	113,950	128,467
Nontraditional bond	65,000	66,621	63,100	60,093
Equity mutual funds				
U.S. large cap	1,256,198	1,832,993	1,138,664	1,375,235
U.S. mid cap	617,523	802,715	587,046	722,355
U.S. small cap	680,897	688,361	650,959	668,912
International developed	566,197	606,882	459,083	477,501
Emerging markets	134,741	175,593	237,662	270,276
	<u>\$ 4,658,787</u>	<u>\$ 5,624,215</u>	<u>\$ 4,496,362</u>	<u>\$ 5,001,087</u>

At August 31, 2020 and 2019, assets restricted and/or designated for endowment also include promises to give in the amount of \$10,760 and \$7,318, respectively.

During 2020 and 2019, unrealized gains (losses) of \$460,703 and \$(50,538), respectively, were recorded to adjust the investments to fair value.

Interest and dividends were reported net of fees. Investment fees totaled \$29,644 and \$27,481 in 2020 and 2019, 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).

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

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.

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.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

During 2020 and 2019, 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>2020</u>	<u>2019</u>
Land	\$ 1,045,917	\$ 1,044,185
Buildings and building improvements	33,856,690	5,830,674
Courtyard improvements and landscaping	77,810	77,810
Furniture and fixtures	2,833,915	1,075,042
Vehicles	81,503	81,503
Construction in progress	—	13,984,061
	<u>37,895,835</u>	<u>22,093,275</u>
Less: Accumulated depreciation	<u>3,201,000</u>	<u>2,857,621</u>
	<u>\$ 34,694,835</u>	<u>\$ 19,235,654</u>

Included in building and building improvements at August 31, 2020 and 2019 is capitalized interest in the amount of \$470,614 and \$136,640, respectively.

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 was substantially completed in August 2020.

8. Revolving Line Of Credit

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 bears 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.

The outstanding balance on the line of credit at August 31, 2020 is \$7,853,283. Interest incurred on this line of credit during 2020 amounted to \$67,772, of which \$53,885 was capitalized and \$13,887 was expensed. \$13,887 remains outstanding at August 31, 2020 and is included in accounts payable and accrued expenses on the consolidated statement of financial position.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

During 2020, COCA entered into an additional operating revolving line-of-credit with Regions Bank that allows for borrowings up to \$800,000. This line-of-credit matures on December 5, 2020 and is payable on demand. Interest-only payments are required at the LIBOR rate. There was no outstanding balance on the line of credit at August 31, 2020.

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, 2020 and 2019, the IFF CDE Reserve had a balance of \$253,277 and \$298,401, respectively. 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 both August 31, 2020 and 2019, principal of \$3,703,428 and \$1,543,572 was outstanding on these loans. Interest incurred on these loans during 2020 and 2019 amounted to \$61,812 and \$45,501, respectively, of which \$56,661 and \$45,501 was capitalized during 2020 and 2019, respectively, and \$5,151 was expensed during 2020. \$10,302 remains outstanding at August 31, 2020 and 2019, which is included in accounts payable and accrued expenses on the consolidated statement of financial position.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

- 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 both August 31, 2020 and 2019, principal of \$2,795,040 and \$1,164,960 was outstanding on these loans. Interest incurred on these loans during 2020 and 2019 amounted to \$46,656 and \$34,343, respectively, of which \$42,768 and \$34,343 was capitalized during 2020 and 2019, respectively, and \$3,888 was expensed during 2020. \$7,776 remains outstanding at August 31, 2020 and 2019, which is included in accounts payable and accrued expenses on the consolidated statement of financial position.
- 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, 2020 and 2019, the NCIF CDE Reserve had a balance of \$214,258 and \$242,758, respectively. 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 both August 31, 2020 and 2019, principal of \$3,982,932 and \$1,546,068 was outstanding on these loans. Interest incurred on these loans during 2020 and 2019 amounted to \$65,114 and \$47,947, respectively, of which \$59,688 and \$47,947 was capitalized during 2020 and 2019, respectively, and \$5,426 was expensed during 2020. \$10,856 remains outstanding at August 31, 2020 and 2019, which is included in accounts payable and accrued expenses on the consolidated statement of financial position.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements *(Continued)*

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, 2020 and 2019, principal of \$2,000,000 was outstanding on this loan. Interest incurred on this loan during 2020 and 2019 amounted to \$132,166 and \$8,849 respectively, of which \$120,972 and \$8,849 was capitalized during 2020 and 2019, respectively, and \$11,194 was expensed during 2020. \$11,194 and \$8,849 remains outstanding at August 31, 2020 and 2019, respectively, 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>
2021	\$ 40,318
2022	55,411
2023	50,697
2024	58,180
2025	62,471
Thereafter	24,322,206
	<u>\$ 24,589,283</u>

10. Paycheck Protection Program Loan

In April 2020, COCA entered into a Paycheck Protection Program loan in the amount of \$741,800 with a local bank. This loan was issued pursuant to the Coronavirus Aid, Relief, and Economic Security (CARES) Act's Paycheck Protection Program and is unsecured. Amounts outstanding under this loan will bear interest at a rate of 1%. During the period beginning April 2020 and ending on the ten-month anniversary of the date of the loan (the deferral period), interest on the outstanding principal balance will accrue, but neither principal nor interest shall be due or payable. \$2,473 of interest was accrued during 2020, which remains outstanding at August 31, 2020 and is included in accounts payable and accrued expenses on the consolidated statement of financial position. At the end of the deferral period, the outstanding principal that is not forgiven under the Paycheck Protection Program will convert to a term loan (the conversion balance). COCA can apply to the bank for forgiveness of the amount due on the loan in an amount based on the sum of the following costs incurred by COCA during the eight to twenty four-week period beginning on the date of the first disbursement of the loan: payroll costs, payments of interest on a covered mortgage obligation, covered rent obligations, and covered utilities.

The first payment on the term loan is due ten months following the date of the loan. On the first payment date and each month thereafter until the second anniversary of the date of the loan, monthly principal and interest payments of \$41,543 are due. A final payment of unpaid principal plus accrued interest is due at maturity in April 2022.

The scheduled maturities of the Paycheck Protection Program loan at August 31, 2020 are as follows:

<u>Year</u>	<u>Amount</u>
2021	\$ 281,554
2022	460,246
	<u>\$ 741,800</u>

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (Continued)

11. Net Assets With Donor Restrictions

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

	2020			2019		
	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
Create Our Future Campaign	—	—	—	16,756,951	—	16,756,951
Capital project fund	—	—	—	280,371	—	280,371
COCAbiz	44,500	—	44,500	40,000	—	40,000
COCAedu	265,456	—	265,456	232,325	—	232,325
Productions and exhibits	195,626	—	195,626	106,884	—	106,884
FLAME event	199,666	—	199,666	100,000	—	100,000
On-site	4,000	—	4,000	94,156	—	94,156
General operations/Leadership Circle	399,239	—	399,239	802,277	—	802,277
Pre-professional support services	194,145	—	194,145	158,268	—	158,268
Youth Opportunities Program	—	—	—	57,149	—	57,149
Camps	10,000	—	10,000	15,000	—	15,000
	1,312,632	—	1,312,632	25,343,766	—	25,343,766
Donor-restricted endowment funds:						
COCA endowment	189,880	420,000	609,880	155,010	420,000	575,010
Dorothy Pearlstein Dubinsky Garden endowment	12,770	25,000	37,770	10,611	25,000	35,611
Ferring Family Faculty endowment	3,456	6,765	10,221	2,871	6,765	9,636
Grant Foundation endowment	5,108	10,000	15,108	4,244	10,000	14,244
Hillman Fund for Innovation	28,294	263,150	291,444	11,631	263,150	274,781
Janet and Bernard Becker Fund for Outreach	412,553	1,060,383	1,472,936	328,338	1,060,383	1,388,721
Kathryn D. Cramer scholarship endowment	4,615	60,244	64,859	907	60,244	61,151
Peter Witte endowment	46,120	103,596	149,716	37,971	103,360	141,331
Productions and exhibits endowment	25,541	50,000	75,541	21,222	50,000	71,222
Riven Family endowment	20,273	51,000	71,273	16,361	48,000	64,361
Rosalyn and Manny Rosenthal endowment	51,081	100,000	151,081	42,443	100,000	142,443
Scholarships and outreach endowment	56,198	162,648	218,846	44,611	146,323	190,934
William Randolph Hearst outreach endowment	173,737	300,000	473,737	144,120	300,000	444,120
Wilma Messing scholarship endowment	114,650	224,450	339,100	95,263	224,450	319,713
	1,144,276	2,837,236	3,981,512	915,603	2,817,675	3,733,278
	\$ 2,456,908	\$ 2,837,236	\$ 5,294,144	\$ 26,259,369	\$ 2,817,675	\$ 29,077,044

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

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

	<u>2020</u>	<u>2019</u>
Create Our Future Campaign	\$ 24,874,072	\$ 938,176
Capital project fund	280,371	807,239
COCAbiz	45,750	53,250
COCAedu	330,575	349,466
Productions and exhibits	176,884	213,771
FLAME event	505,853	26,800
On-site	94,156	99,435
General operations/Leadership Circle	877,150	714,690
Pre-professional support services	130,454	140,180
Youth Opportunities Program	57,149	196,817
Camps	35,000	45,175
	<u>\$ 27,407,414</u>	<u>\$ 3,584,999</u>

12. In-Kind Contributions

Contributions and grants include in-kind contributions for travel, hospitality, capital expenditures and direct fundraising events production expenses of \$550 and \$146,741 for the years ended August 31, 2020 and 2019, respectively.

13. 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

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, 2020 or 2019. 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 underwater 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

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. 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, 2020 and 2019, COCA had the following endowment funds:

	2020				Total
	Without Donor Restrictions	With Donor Restrictions Unappropriated Endowment Earnings	Investments In Perpetuity		
Donor-restricted endowment funds	\$ —	\$ 1,144,276	\$ 2,826,476	\$ 3,970,752	
Board-designated endowment funds	1,653,463	—	—	1,653,463	
	<u>\$ 1,653,463</u>	<u>\$ 1,144,276</u>	<u>\$ 2,826,476</u>	<u>\$ 5,624,215</u>	

	2019				Total
	Without Donor Restrictions	With 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>	

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

Changes in these endowment funds for the years ended August 31, 2020 and 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions Unappropriated Endowment Earnings	Investments In Perpetuity	Total
Balance - September 1, 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
Net investment income and investment gains	127,390	364,617	—	492,007
Proceeds from contributions restricted for endowment	—	—	16,119	16,119
Transfers to board- designated endowment	305,000	—	—	305,000
Appropriation of endowment assets for expenditure	(54,054)	(135,944)	—	(189,998)
Balance - August 31, 2020	\$ 1,653,463	\$ 1,144,276	\$ 2,826,476	\$ 5,624,215

14. 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.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

For the years ended August 31, 2020 and 2019, rent expense recognized under the lease totaled \$390,893 and \$452,779, respectively, and is included in building occupancy expense on the consolidated statements 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>
2021	\$ 233,710
2022	336,761
2023	417,983
2024	417,983
2025	417,983
Thereafter	9,961,935
	<u>\$ 11,786,355</u>

Facility

Beginning in January 2020, COCA began leasing 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 after the facility expansion is placed in service, which occurred in August 2020, 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. 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. The first installment was due 30 days after the execution of the lease agreement on February 9, 2019 and the second installment was due on the date the facility expansion is placed in service. At August 31, 2020 and 2019, \$1,847,470 and \$926,308, respectively, of pre-payments have been received but have not yet been recognized as income and are included in deferred revenue on the consolidated statement of financial position.

15. 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.

16. Concentrations

For the year ended August 31, 2020, approximately 12% of total support was from one donor. In addition, at August 31, 2020, approximately 49% of gross promises to give were from two donors.

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.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements *(Continued)*

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

17. Related Party Transactions

Companies affiliated with members of COCA's Board of Directors were paid approximately \$439,000 and \$285,000 during the years ended August 31, 2020 and 2019, respectively, for legal services, catering for special events, and construction services.

18. Liquidity And Availability Of Resources

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

	<u>2020</u>	<u>2019</u>
Financial Assets		
Cash and cash equivalents	\$ 3,220,259	\$ 6,516,616
Restricted cash	467,535	541,159
Accounts receivable	10,685	22,657
Promises to give	9,594,869	12,446,644
Investments	5,634,975	5,008,405
Total Financial Assets	<u>18,928,323</u>	<u>24,535,481</u>
Less Amounts Not Available To Be Used For General Expenditures Within One Year		
Amounts designated by the Board	10,608,341	1,569,234
Amounts with contractual restrictions	467,535	541,159
Time and purpose donor restrictions	1,415,532	17,937,186
Amounts restricted for endowment	2,837,236	2,817,675
Total Amounts Not Available To Be Used For General Expenditures Within One Year	<u>15,328,644</u>	<u>22,865,254</u>
	<u>\$ 3,599,679</u>	<u>\$ 1,670,227</u>

In addition to the liquid assets noted above, COCA also has access to a revolving line-of-credit of \$800,000 as described in Note 8 to provide any short-term liquidity needs.

The Board of Directors has designated a portion of net assets without donor restrictions for a capital building 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.

19. Risks And Uncertainties

In January 2020, a novel strain of coronavirus (COVID-19) spread worldwide including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic, and the President declared the COVID-19 outbreak in the United States as a national emergency. In compliance with government mandates, since March 2020, COCA has had to modify its operations and programming, including the cancellation or postponement of in-person programming, which has affected COCA's support and revenue. The continued outbreak of the COVID-19 virus is likely to have a further negative impact on the economy in 2021, thereby continuing to have an impact on COCA's revenue streams and fundraising for the foreseeable future. All of these factors could have a significant impact on COCA's consolidated financial results in 2021 and beyond. Given the dynamic nature of this outbreak, the extent to which the COVID-19 virus will impact COCA's results will depend on future developments, which remain highly uncertain and cannot be predicted at this time.

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, 2020 and 2019, and our report thereon dated February 4, 2021, 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

February 4, 2021

COCA - CENTER OF CREATIVE ARTS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2020

Assets					
	COCA	QALICB	Leverage Lender	Eliminations	Total
Cash and cash equivalents	\$ 2,782,424	\$ 90,428	\$ —	\$ —	\$ 2,872,852
Cash and cash equivalents - Board-designated reserve	347,407	—	—	—	347,407
Restricted cash	—	467,535	—	—	467,535
Accounts receivable	10,685	179,015	—	(179,015)	10,685
Promises to give	9,594,869	—	—	—	9,594,869
Prepaid expenses	126,940	—	—	—	126,940
Note and interest receivable	—	—	10,498,869	—	10,498,869
Property and equipment	3,614,241	31,322,038	—	(241,444)	34,694,835
Assets restricted and/or designated for endowment	5,634,975	—	—	—	5,634,975
Total Assets	\$ 22,111,541	\$ 32,059,016	\$ 10,498,869	\$ (420,459)	\$ 64,248,967
Liabilities And Net Assets					
Liabilities					
Long-term debt	\$ 7,853,283	\$ 16,736,000	\$ —	\$ —	\$ 24,589,283
Less: Unamortized debt issuance costs	—	(557,393)	—	—	(557,393)
Long-term debt less unamortized debt issuance costs	7,853,283	16,178,607	—	—	24,031,890
Paycheck Protection Program loan	741,800	—	—	—	741,800
Accounts payable and accrued expenses	741,346	1,248,818	—	(179,015)	1,811,149
Deferred revenue	2,028,514	—	—	—	2,028,514
Total Liabilities	11,364,943	17,427,425	—	(179,015)	28,613,353
Net Assets					
Without Donor Restrictions					
Undesignated	(916,845)	696,852	—	—	(219,993)
Board-designated endowment	1,653,463	—	—	—	1,653,463
Board-designated capital building reserve	347,407	—	—	—	347,407
Board-designated debt service reserve	8,607,471	—	—	—	8,607,471
Investment in note and interest receivable	—	—	10,498,869	—	10,498,869
Investment in property and equipment	(4,239,042)	13,934,739	—	(241,444)	9,454,253
Total Without Donor Restrictions	5,452,454	14,631,591	10,498,869	(241,444)	30,341,470
With Donor Restrictions	5,294,144	—	—	—	5,294,144
Total Net Assets	10,746,598	14,631,591	10,498,869	(241,444)	35,635,614
Total Liabilities And Net Assets	\$ 22,111,541	\$ 32,059,016	\$ 10,498,869	\$ (420,459)	\$ 64,248,967

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
Total Assets	\$ 25,916,894	\$ 18,147,188	\$ 10,498,869	\$ (241,444)	\$ 54,321,507

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	249,215	1,288,539	—	—	1,537,754
Deferred revenue	1,176,203	—	—	—	1,176,203
Total Liabilities	1,425,418	17,434,854	—	—	18,860,272
Net Assets					
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
Total Net Assets	24,491,476	712,334	10,498,869	(241,444)	35,461,235
Total Liabilities And Net Assets	\$ 25,916,894	\$ 18,147,188	\$ 10,498,869	\$ (241,444)	\$ 54,321,507

COCA - CENTER OF CREATIVE ARTS
CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended August 31, 2020

	COCA			QALICB	Leverage Lender	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total				
Support							
Contributions and grants - operations	\$ 68,306	\$ 1,547,424	\$ 1,615,730	\$ —	\$ —	\$ —	\$ 1,615,730
Contributions and grants - Create Our Future Campaign	—	1,284,186	1,284,186	—	—	—	1,284,186
Adjustment to discount on long-term promises to give	—	214,400	214,400	—	—	—	214,400
Total contributions and grants	68,306	3,046,010	3,114,316	—	—	—	3,114,316
Fundraising event revenue	686,937	608,070	1,295,007	—	—	—	1,295,007
Costs of direct benefits to donors	(130,687)	—	(130,687)	—	—	—	(130,687)
Net revenues from fundraising events	556,250	608,070	1,164,320	—	—	—	1,164,320
Total Support	624,556	3,654,080	4,278,636	—	—	—	4,278,636
Revenue And Gains (Losses)							
Program revenues:							
Education (net of \$198,023 of scholarships)	894,660	—	894,660	—	—	—	894,660
Camps	70,499	—	70,499	—	—	—	70,499
COCAedu	115,515	—	115,515	—	—	—	115,515
Productions and exhibits	136,046	—	136,046	—	—	—	136,046
COCAbiz	76,416	—	76,416	—	—	—	76,416
Interest and dividends	29,407	51,583	80,990	—	104,814	—	185,804
Unrealized gain on investments	123,999	336,704	460,703	—	—	—	460,703
Realized loss on investments	(11,622)	(23,670)	(35,292)	—	—	—	(35,292)
Miscellaneous	13,430	—	13,430	179,015	—	(179,015)	13,430
Total Revenue And Gains (Losses)	1,448,350	364,617	1,812,967	179,015	104,814	(179,015)	1,917,781
Net Assets Released From Restrictions	20,800,874	(20,800,874)	—	—	—	—	—
Appropriation Of Endowment Investment Earnings	135,944	(135,944)	—	—	—	—	—
Total Support, Revenue And Gains (Losses)	23,009,724	(16,918,121)	6,091,603	179,015	104,814	(179,015)	6,196,417
Expenses And Losses							
Program:							
Education	2,008,658	—	2,008,658	239,610	—	(179,015)	2,069,253
Camps	332,837	—	332,837	—	—	—	332,837
COCAedu	481,854	—	481,854	—	—	—	481,854
Productions and exhibits	582,976	—	582,976	—	—	—	582,976
COCAbiz	198,228	—	198,228	—	—	—	198,228
Total Program Expenses	3,604,553	—	3,604,553	239,610	—	(179,015)	3,665,148
Management and general	939,725	—	939,725	53,927	—	—	993,652
Fundraising:							
Create Our Future Campaign	257,740	—	257,740	—	—	—	257,740
Development	847,259	—	847,259	—	—	—	847,259
Total Expenses	5,649,277	—	5,649,277	293,537	—	(179,015)	5,763,799
Loss on uncollectible promises to give	—	258,239	258,239	—	—	—	258,239
Total Expenses And Losses	5,649,277	258,239	5,907,516	293,537	—	(179,015)	6,022,038
Increase (Decrease) In Net Assets Before Transfers	17,360,447	(17,176,360)	184,087	(114,522)	104,814	—	174,379
Transfers Between Entities	(13,928,965)	—	(13,928,965)	14,033,779	(104,814)	—	—
Increase (Decrease) In Net Assets	3,431,482	(17,176,360)	(13,744,878)	13,919,257	—	—	174,379
Net Assets - Beginning Of Year	2,020,972	22,470,504	24,491,476	712,334	10,498,869	(241,444)	35,461,235
Net Assets - End Of Year	\$ 5,452,454	\$ 5,294,144	\$ 10,746,598	\$ 14,631,591	\$ 10,498,869	\$ (241,444)	\$ 35,635,614

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				
Support							
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
Total contributions and grants	62,498	5,148,280	5,210,778	—	—	—	5,210,778
Fundraising event revenue	862,266	126,800	989,066	—	—	—	989,066
Costs of direct benefits to donors	(332,690)	—	(332,690)	—	—	—	(332,690)
Net revenues from fundraising events	529,576	126,800	656,376	—	—	—	656,376
Total Support	592,074	5,275,080	5,867,154	—	—	—	5,867,154
Revenue And Gains (Losses)							
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
Total Revenue And Gains (Losses)	2,316,417	(8,645)	2,307,772	—	77,155	—	2,384,927
Net Assets Released From Restrictions	3,584,999	(3,584,999)	—	—	—	—	—
Appropriation Of Endowment Investment Earnings	143,306	(143,306)	—	—	—	—	—
Total Support, Revenue And Gains (Losses)	6,636,796	1,538,130	8,174,926	—	77,155	—	8,252,081
Expenses And Losses							
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
Total Program Expenses	3,968,357	—	3,968,357	96,249	—	—	4,064,606
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
Total Expenses	6,192,318	—	6,192,318	122,911	—	—	6,315,229
Loss on uncollectible promises to give	28,000	(10,333)	17,667	—	—	—	17,667
Total Expenses And Losses	6,220,318	(10,333)	6,209,985	122,911	—	—	6,332,896
Increase (Decrease) In Net Assets Before Transfers	416,478	1,548,463	1,964,941	(122,911)	77,155	—	1,919,185
Transfers Between Entities	(4,408,975)	(6,606,540)	(11,015,515)	835,245	10,421,714	(241,444)	—
Increase (Decrease) In Net Assets	(3,992,497)	(5,058,077)	(9,050,574)	712,334	10,498,869	(241,444)	1,919,185
Net Assets - Beginning Of Year	6,013,469	27,528,581	33,542,050	—	—	—	33,542,050
Net Assets - End Of Year	\$ 2,020,972	\$ 22,470,504	\$ 24,491,476	\$ 712,334	\$ 10,498,869	\$ (241,444)	\$ 35,461,235

COCA - CENTER OF CREATIVE ARTS
SCHEDULE OF FUNCTIONAL EXPENSES - COCA
For The Year Ended August 31, 2020

	Program						Fundraising					Total
	Education	Camps	COCAedu	Productions And Exhibits		COCAbiz	Total	Management And General	Create Our Future Development And Fundraising Events		Total	
				Campaign	Events							
Salaries and wages	\$ 927,297	\$ 121,351	\$ 342,384	\$ 297,071	\$ 137,804	\$ 1,825,907	\$ 466,740	\$ 209,579	\$ 599,702	\$ 809,281	\$ 3,101,928	
Consultants	49,477	17,710	18,913	61,890	2,000	149,990	454	21,999	10,000	31,999	182,443	
Health insurance	38,594	1,792	7,241	3,523	4,557	55,707	15,851	5,008	19,573	24,581	96,139	
Payroll taxes	67,344	9,280	26,166	23,151	10,128	136,069	37,703	11,143	44,641	55,784	229,556	
Advertising and marketing	—	—	—	—	—	—	88,416	—	—	—	88,416	
Artist accommodations and hospitality	619	558	—	12,266	296	13,739	—	—	—	—	13,739	
Artist fees	—	—	—	—	3,200	3,200	—	—	—	—	3,200	
Bad debt expense	—	—	—	—	—	—	3,403	—	—	—	3,403	
Building occupancy	591,240	83,579	38,436	65,285	21,651	800,191	38,630	—	38,242	38,242	877,063	
Depreciation	95,614	20,825	9,131	14,117	3,665	143,352	9,237	—	9,131	9,131	161,720	
Donor cultivation	—	—	—	—	—	—	—	—	15,201	15,201	15,201	
Event expenses	—	—	—	—	271	271	—	—	64,403	64,403	64,674	
Insurance	42,247	10,365	6,131	13,419	3,021	75,183	8,707	—	3,306	3,306	87,196	
Interest	9,673	2,107	924	1,428	370	14,502	934	—	924	924	16,360	
Miscellaneous	(1,228)	—	—	—	—	(1,228)	—	—	—	—	(1,228)	
Office	3,950	2,471	96	1,966	—	8,483	32,731	—	3,107	3,107	44,321	
Postage and shipping	3,371	7,671	—	2,449	535	14,026	4,601	11	17,268	17,279	35,906	
Professional fees	—	—	—	—	—	—	98,467	10,000	—	10,000	108,467	
Program supplies	17,606	20,030	6,179	32,703	361	76,879	—	—	1,088	1,088	77,967	
Service charges	—	—	—	—	—	—	78,984	—	8,355	8,355	87,339	
Technology	77,772	19,008	13,176	40,410	7,121	157,487	38,973	—	4,554	4,554	201,014	
Training	5,162	—	1,837	2,391	—	9,390	8,529	—	554	554	18,473	
Transportation	6,044	—	4,185	—	416	10,645	229	—	155	155	11,029	
Utilities	73,876	16,090	7,055	10,907	2,832	110,760	7,136	—	7,055	7,055	124,951	
	\$ 2,008,658	\$ 332,837	\$ 481,854	\$ 582,976	\$ 198,228	\$ 3,604,553	\$ 939,725	\$ 257,740	\$ 847,259	\$ 1,104,999	\$ 5,649,277	

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

	Program						Fundraising					Total	
	Education	Camps	COCAedu	Productions And Exhibits		COCAbiz	Total	Management And General	Create Our	Development			Total
				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		
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 - QALICB
For The Year Ended August 31, 2020

	Program						Fundraising					
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Total	Management And General	Create Our		Development And Fundraising Events	Total	Total
								Future Campaign				
Salaries and wages	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consultants	—	—	—	—	—	—	—	—	—	—	—	—
Health insurance	—	—	—	—	—	—	—	—	—	—	—	—
Payroll taxes	—	—	—	—	—	—	—	—	—	—	—	—
Advertising and marketing	—	—	—	—	—	—	—	—	—	—	—	—
Artist accommodations and hospitality	—	—	—	—	—	—	—	—	—	—	—	—
Artist fees	—	—	—	—	—	—	—	—	—	—	—	—
Bad debt expense	—	—	—	—	—	—	—	—	—	—	—	—
Building occupancy	—	—	—	—	—	—	—	—	—	—	—	—
Depreciation	181,659	—	—	—	—	181,659	—	—	—	—	—	181,659
Donor cultivation	—	—	—	—	—	—	—	—	—	—	—	—
Event expenses	—	—	—	—	—	—	—	—	—	—	—	—
Insurance	—	—	—	—	—	—	—	—	—	—	—	—
Interest	57,951	—	—	—	—	57,951	—	—	—	—	—	57,951
Miscellaneous	—	—	—	—	—	—	—	—	—	—	—	—
Office	—	—	—	—	—	—	—	—	—	—	—	—
Postage and shipping	—	—	—	—	—	—	—	—	—	—	—	—
Professional fees	—	—	—	—	—	—	52,473	—	—	—	—	52,473
Program supplies	—	—	—	—	—	—	—	—	—	—	—	—
Service charges	—	—	—	—	—	—	1,454	—	—	—	—	1,454
Technology	—	—	—	—	—	—	—	—	—	—	—	—
Training	—	—	—	—	—	—	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	—	—	—	—	—	—
Utilities	—	—	—	—	—	—	—	—	—	—	—	—
	\$ 239,610	\$ —	\$ —	\$ —	\$ —	\$ 239,610	\$ 53,927	\$ —	\$ —	\$ —	\$ —	\$ 293,537

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

	Program						Fundraising				Total	
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Total	Management And General	Create Our Future Campaign	Development And Fundraising Events	Total		
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