
**COCA - CENTER OF
CREATIVE ARTS**
CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2022



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Independent Auditors' Report

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

Opinion

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, 2022 and 2021, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of COCA as of August 31, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements section of our report. We are required to be independent of COCA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities Of Management For The Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities For The Audit Of The Consolidated Financial Statements

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of COCA's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about COCA's ability to continue as a going concern for a reasonable period of time.

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

RubinBrown LLP

March 7, 2023

COCA - CENTER OF CREATIVE ARTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
August 31, 2022 And 2021

Assets		Total		
	Without Donor Restrictions	With Donor Restrictions	2022	2021
Cash and cash equivalents	\$ 2,678,897	\$ 63,229	\$ 2,742,126	\$ 4,167,691
Cash and cash equivalents - Board-designated reserve	427,107	—	427,107	387,107
Restricted cash	293,694	—	293,694	385,104
Accounts receivable	1,034,706	—	1,034,706	1,316,165
Promises to give, net	3,838,385	1,524,045	5,362,430	6,403,962
Prepaid expenses	30,429	—	30,429	49,122
Note and interest receivable	10,498,869	—	10,498,869	10,498,869
Property and equipment	32,609,586	—	32,609,586	33,698,218
Assets restricted and/or designated for endowment	1,661,111	4,018,444	5,679,555	6,830,057
Total Assets	\$ 53,072,784	\$ 5,605,718	\$ 58,678,502	\$ 63,736,295

Liabilities And Net Assets

Liabilities

Long-term debt	\$ 20,899,903	\$ —	\$ 20,899,903	\$ 22,345,463
Less: Unamortized debt issuance costs	(492,689)	—	(492,689)	(525,041)
Long-term debt less unamortized debt issuance costs	20,407,214	—	20,407,214	21,820,422
Paycheck Protection Program loan	—	—	—	568,390
Accounts payable and accrued expenses	847,996	—	847,996	707,223
Deferred revenue	1,984,059	—	1,984,059	2,008,109
Total Liabilities	23,239,269	—	23,239,269	25,104,144

Net Assets

Without Donor Restrictions				
Undesignated	1,205,671	—	1,205,671	2,315,487
Board-designated endowment	1,661,111	—	1,661,111	2,018,288
Board-designated capital building reserve	427,107	—	427,107	387,107
Board-designated debt service reserve	3,838,385	—	3,838,385	5,188,240
Investment in note and interest receivable	10,498,869	—	10,498,869	10,498,869
Investment in property and equipment	12,202,372	—	12,202,372	11,877,796
Total Without Donor Restrictions	29,833,515	—	29,833,515	32,285,787
With Donor Restrictions	—	5,605,718	5,605,718	6,346,364
Total Net Assets	29,833,515	5,605,718	35,439,233	38,632,151
Total Liabilities And Net Assets	\$ 53,072,784	\$ 5,605,718	\$ 58,678,502	\$ 63,736,295

COCA - CENTER OF CREATIVE ARTS
CONSOLIDATED STATEMENT OF ACTIVITIES
For The Year Ended August 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Contributions and grants - operations	\$ 96,398	\$ 2,241,402	\$ 2,337,800
Contributions and grants - Create Our Future Campaign	—	252,577	252,577
Donated goods and services	44,040	—	44,040
Neighborhood Assistance Program contributions	—	69,107	69,107
Adjustment to discount on long-term promises to give	176,700	31,200	207,900
Total contributions and grants	317,138	2,594,286	2,911,424
Fundraising event revenue	717,331	9,795	727,126
Fundraising event revenue - donated goods and services	25,020	—	25,020
Costs of direct benefits to donors	(324,924)	—	(324,924)
Net revenues from fundraising events	417,427	9,795	427,222
Total Support	734,565	2,604,081	3,338,646
Revenue			
Program revenues:			
Education (net of \$131,216 of scholarships)	965,598	—	965,598
Camps	804,428	—	804,428
COCAedu	78,068	—	78,068
Productions and exhibits	195,087	—	195,087
COCAbiz	83,360	—	83,360
Investment income appropriated for current operations	67,581	162,418	229,999
Miscellaneous	129,350	—	129,350
Total Revenue	2,323,472	162,418	2,485,890
Net Assets Released From Restrictions	2,498,591	(2,498,591)	—
Appropriation Of Endowment Investment Earnings	162,418	(162,418)	—
Total Support And Revenue	5,719,046	105,490	5,824,536
Expenses And Losses			
Program:			
Education	3,432,735	—	3,432,735
Camps	821,692	—	821,692
COCAedu	255,075	—	255,075
Productions and exhibits	1,357,083	—	1,357,083
COCAbiz	176,242	—	176,242
Total Program Expenses	6,042,827	—	6,042,827
Management and general	1,670,240	—	1,670,240
Development and fundraising events	770,505	—	770,505
Total Expenses	8,483,572	—	8,483,572
Loss on uncollectible promises to give	4,450	(4,450)	—
Total Expenses And Losses	8,488,022	(4,450)	8,483,572
Increase (Decrease) In Net Assets From Operations	(2,768,976)	109,940	(2,659,036)
Other Gains (Losses) and Income			
Investment loss in excess of amount appropriated for current operations	(251,686)	(850,586)	(1,102,272)
Gain on extinguishment of Paycheck Protection Program loan	568,390	—	568,390
Total Other Gains (Losses) And Income	316,704	(850,586)	(533,882)
Decrease In Net Assets	(2,452,272)	(740,646)	(3,192,918)
Net Assets - Beginning Of Year	32,285,787	6,346,364	38,632,151
Net Assets - End Of Year	\$ 29,833,515	\$ 5,605,718	\$ 35,439,233

COCA - CENTER OF CREATIVE ARTS
CONSOLIDATED STATEMENT OF ACTIVITIES
For The Year Ended August 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Support			
Contributions and grants - operations	\$ 132,425	\$ 2,750,250	\$ 2,882,675
Contributions and grants - Create Our Future Campaign	295,500	—	295,500
Youth Opportunities Program contributions	826,557	—	826,557
Adjustment to discount on long-term promises to give	293,600	(61,100)	232,500
Total contributions and grants	1,548,082	2,689,150	4,237,232
Fundraising event revenue	761,241	441,340	1,202,581
Fundraising event revenue - donated goods and services	15,250	—	15,250
Costs of direct benefits to donors	(355,387)	—	(355,387)
Net revenues from fundraising events	421,104	441,340	862,444
Total Support	1,969,186	3,130,490	5,099,676
Revenue			
Program revenues:			
Education (net of \$147,286 of scholarships)	670,218	—	670,218
Camps	670,082	—	670,082
COCAedu	55,270	—	55,270
Productions and exhibits	79,961	—	79,961
COCAbiz	48,432	—	48,432
Investment income appropriated for current operations	62,053	147,948	210,001
Miscellaneous	72,099	—	72,099
Total Revenue	1,658,115	147,948	1,806,063
Net Assets Released From Restrictions	2,875,146	(2,875,146)	—
Appropriation Of Endowment Investment Earnings	147,948	(147,948)	—
Total Support And Revenue	6,650,395	255,344	6,905,739
Expenses And Losses			
Program:			
Education	3,220,269	—	3,220,269
Camps	718,605	—	718,605
COCAedu	224,081	—	224,081
Productions and exhibits	935,825	—	935,825
COCAbiz	176,125	—	176,125
Total Program Expenses	5,274,905	—	5,274,905
Management and general	1,586,851	—	1,586,851
Development and fundraising events	770,450	—	770,450
Total Expenses	7,632,206	—	7,632,206
Loss on uncollectible promises to give	—	24,450	24,450
Total Expenses And Losses	7,632,206	24,450	7,656,656
Increase (Decrease) In Net Assets From Operations	(981,811)	230,894	(750,917)
Other Gains and Income			
Investment income in excess of amount appropriated for current operations	445,154	821,326	1,266,480
Gain on extinguishment of Paycheck Protection Program loan	741,800	—	741,800
Employee retention credit	1,298,456	—	1,298,456
Shuttered venue operators grant	440,718	—	440,718
Total Other Gains And Income	2,926,128	821,326	3,747,454
Increase In Net Assets	1,944,317	1,052,220	2,996,537
Net Assets - Beginning Of Year	30,341,470	5,294,144	35,635,614
Net Assets - End Of Year	\$ 32,285,787	\$ 6,346,364	\$ 38,632,151

COCA - CENTER OF CREATIVE ARTS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended August 31, 2022

	Program						Management And General	Development And Fundraising Events	Total
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Total			
Salaries and wages	\$ 1,040,266	\$ 479,695	\$ 209,716	\$ 570,411	\$ 140,572	\$ 2,440,660	\$ 660,639	\$ 554,242	\$ 3,655,541
Consultants	11,044	1,800	6,110	148,540	4,075	171,569	5,000	—	176,569
Health insurance	21,136	4,638	6,385	9,165	4,304	45,628	12,481	13,694	71,803
Payroll taxes	83,189	39,418	15,795	46,364	11,053	195,819	51,869	40,458	288,146
Advertising and marketing	—	—	—	—	—	—	239,150	2,549	241,699
Artist accommodations and hospitality	3,480	258	—	23,316	—	27,054	—	—	27,054
Artist fees	—	—	—	—	—	—	—	—	—
Bad debt expense	—	—	—	—	—	—	3,639	—	3,639
Building occupancy	439,317	131,246	5,942	251,637	6,631	834,773	64,327	23,142	922,242
Depreciation	1,174,688	46,140	2,393	83,804	2,666	1,309,691	25,912	9,211	1,344,814
Donor cultivation	—	—	—	—	—	—	—	33,277	33,277
Event expenses	—	—	—	—	302	302	—	36,600	36,902
Insurance	36,327	9,494	492	17,240	549	64,102	10,725	1,897	76,724
Interest	393,818	16,455	853	29,882	952	441,960	9,236	3,289	454,485
Miscellaneous	5	—	—	—	—	5	—	—	5
Office	3,877	4,550	120	7,853	—	16,400	201,401	6,473	224,274
Postage and shipping	—	—	—	1,835	—	1,835	1,223	697	3,755
Professional fees	—	—	—	—	—	—	246,686	—	246,686
Program supplies	29,373	42,549	4,576	60,749	449	137,696	—	179	137,875
Service charges	—	—	—	—	—	—	86,992	11,148	98,140
Technology	88,477	23,061	1,257	64,879	1,526	179,200	18,337	27,081	224,618
Training	12,430	—	65	753	1,837	15,085	19,963	2,072	37,120
Transportation	9,642	—	210	—	31	9,883	95	22	10,000
Utilities	85,666	22,388	1,161	40,655	1,295	151,165	12,565	4,474	168,204
	\$ 3,432,735	\$ 821,692	\$ 255,075	\$ 1,357,083	\$ 176,242	\$ 6,042,827	\$ 1,670,240	\$ 770,505	\$ 8,483,572

COCA - CENTER OF CREATIVE ARTS

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended August 31, 2021

	Program						Total	Development And Fundraising		Total
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Management And General		Events		
Salaries and wages	\$ 897,615	\$ 414,264	\$ 161,785	\$ 253,557	\$ 119,305	\$ 1,846,526	\$ 639,687	\$ 579,688	\$ 3,065,901	
Consultants	19,499	11,000	12,881	237,829	3,338	284,547	77	7,500	292,124	
Health insurance	26,919	3,908	5,575	—	5,230	41,632	11,274	16,373	69,279	
Payroll taxes	70,853	34,831	12,458	20,042	9,436	147,620	45,684	40,574	233,878	
Advertising and marketing	—	—	—	—	—	—	125,740	—	125,740	
Artist accommodations and hospitality	—	1,263	—	5,028	—	6,291	—	—	6,291	
Artist fees	—	—	—	14,500	—	14,500	—	—	14,500	
Bad debt expense	—	—	—	—	—	—	1,551	—	1,551	
Building occupancy	381,350	102,011	12,948	178,026	18,412	692,747	46,868	8,923	748,538	
Depreciation	1,194,139	44,233	5,623	45,904	7,995	1,297,894	15,242	9,035	1,322,171	
Donor cultivation	—	—	—	—	—	—	—	8,392	8,392	
Event expenses	—	—	—	—	10	10	—	50,544	50,554	
Insurance	35,101	8,178	1,040	14,051	1,478	59,848	2,930	1,670	64,448	
Interest	417,266	22,230	2,826	38,841	4,018	485,181	7,661	4,541	497,383	
Miscellaneous	16	—	—	—	—	16	—	—	16	
Office	667	737	120	6,398	125	8,047	56,930	3,151	68,128	
Postage and shipping	—	—	—	—	—	—	1,585	865	2,450	
Professional fees	—	—	—	—	—	—	517,954	—	517,954	
Program supplies	27,054	40,759	4,302	44,484	407	117,006	—	967	117,973	
Service charges	—	—	—	—	—	—	66,824	6,624	73,448	
Technology	72,601	19,394	2,465	57,396	3,516	155,372	31,146	27,472	213,990	
Training	7,794	—	50	773	—	8,617	10,048	867	19,532	
Transportation	1,650	—	—	—	—	1,650	206	37	1,893	
Utilities	67,745	15,797	2,008	18,996	2,855	107,401	5,444	3,227	116,072	
	\$ 3,220,269	\$ 718,605	\$ 224,081	\$ 935,825	\$ 176,125	\$ 5,274,905	\$ 1,586,851	\$ 770,450	\$ 7,632,206	

COCA - CENTER OF CREATIVE ARTS

CONSOLIDATED STATEMENT OF CASH FLOWS

	For The Years	
	Ended August 31,	
	2022	2021
Cash Flows From Operating Activities		
Increase (decrease) in net assets	\$ (3,192,918)	\$ 2,996,537
Adjustments to reconcile increase (decrease) in net assets to net cash from operating activities:		
Unrealized (gain) loss on investments	1,255,261	(1,069,403)
Realized gain on investments	(194,057)	(253,265)
Depreciation	1,344,814	1,322,171
Amortization of debt issuance costs	32,352	32,352
Contributions restricted for Create Our Future Campaign	(429,277)	(293,600)
Contributions restricted for endowment	(57,261)	(8,931)
Donated capital expenditures	(44,100)	—
Loss on disposal of property and equipment	3,984	—
Loss on uncollectible promises to give	—	24,450
Gain on extinguishment of Paycheck Protection Program loan	(568,390)	(741,800)
Changes in assets and liabilities:		
Accounts receivable	281,459	(1,305,480)
Promises to give	(328,323)	(252,774)
Prepaid expenses	18,693	77,818
Accounts payable and accrued expenses	140,773	104,766
Deferred revenue	(24,050)	(20,405)
Net Cash Provided By (Used In) Operating Activities	(1,761,040)	612,436
Cash Flows From Investing Activities		
Purchases of investments	(579,276)	(960,316)
Proceeds from sale of investments	663,065	1,083,151
Capital expenditures	(216,066)	(1,534,246)
Net Cash Used In Investing Activities	(132,277)	(1,411,411)
Cash Flows From Financing Activities		
Payments on long-term debt	(50,135)	(42,456)
Proceeds from Paycheck Protection Program loan	—	568,390
Proceeds from line-of-credit agreement	—	1,179,390
Payment on line-of-credit agreement	(1,395,425)	(3,380,754)
Proceeds received from contributions restricted for endowment	62,770	13,682
Proceeds received from contributions restricted for Create Our Future Campaign	1,799,132	3,712,831
Net Cash Provided By Financing Activities	416,342	2,051,083
Net Increase (Decrease) In Cash And Cash Equivalents	(1,476,975)	1,252,108
Cash, Cash Equivalents And Restricted Cash - Beginning Of Year	4,939,902	3,687,794
Cash, Cash Equivalents And Restricted Cash - End Of Year	\$ 3,462,927	\$ 4,939,902
Supplemental Disclosure Of Cash Flow Information		
Interest paid	\$ 420,689	\$ 466,494

COCA - CENTER OF CREATIVE ARTS

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2022 And 2021

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/operating reserves and endowment funds. This ambitious project, which was successfully completed during 2020, 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 implement 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 require 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.

Operating And Nonoperating Activity

Operating results in the consolidated statements of activities reflect all transactions except those items that do not occur on a consistent basis such as the gain on extinguishment of debt and COVID-19 related government funding such as the employee retention credit and shuttered venue operators grant as well investment income in excess of the amount appropriated for current operations.

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 - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

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, 2022 was approximately \$2,867,000.

Restricted Cash

At August 31, 2022, restricted cash consists of an IFF CDE Reserve and NCIF CDE Reserve with balances of \$161,936 and \$131,758, respectively. At August 31, 2021, the balances of the IFF CDE Reserve and NCIF CDE Reserve were \$207,846 and \$177,258, 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, 2022 or 2021.

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 2022 or 2021.

Forgivable Note Payable

COCA had loans that were 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 utilized the proceeds from the loans 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 considered the PPP loans to be debt, subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 470, *Debt*. COCA did not impute additional interest at a market rate as transactions where interest rates are prescribed by governmental agencies were not subject to the accounting guidance on imputing interest.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

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

Debt Issuance Costs

Debt issuance costs of \$605,254 were capitalized and are being amortized using the effective interest method over 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 \$112,565 and \$80,213 at August 31, 2022 and 2021, respectively.

Support

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.

Donated Goods And Services

Donated goods and services consist of:

	<u>2022</u>	<u>2021</u>
Donated capital expenditures	\$ 44,100	\$ —
Donated goods	24,960	15,250
	<u>\$ 69,060</u>	<u>\$ 15,250</u>

Donated goods include capital expenditures, travel, hospitality, and auction items. Certain donated goods are received for the purpose of being sold at COCA's fundraising events. Contributed auction items are valued at the gross selling price received. Other donated goods are valued at comparable market prices for similar goods.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

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 (341 and 212 in 2022 and 2021, respectively) have also donated a significant amount of their time (1,588 and 2,121 hours in 2022 and 2021, 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.

All donated goods and services were utilized by COCA's programs and supporting services. There were no donor-imposed restrictions associated with the donated goods and services.

Revenue And Revenue Recognition

A national leader in innovative arts education, COCA provides meaningful arts experiences in its own studios, gallery and theatres, as well as in schools, community centers and corporate settings around St. Louis. As a multidisciplinary community arts center, COCA reaches more than 50,000 people annually through dance, vocal music, theatre, arts and design and beyond.

COCA serves dedicated recreational and pre-professional students in dance, voice, theatre and art and design learners through its Education and Camp programs. Set rates are established for each class and camp, with full-year as well as multi-class discounts available for classes. Need-based tuition assistance through scholarships is also available. Revenue is recognized as the camp occurs or over the semester the class is held. A non-refundable annual registration fee is also charged and recognized upon registration. Generally, COCA bills students for classes prior to the beginning of the semester, and students' accounts receivable are due in full before classes begin if not on an approved payment plan. Tuition fees will be refunded, less a \$25 processing fee per class or camp, if requested by the withdrawal deadline. Registration fees are non-refundable. COCA offers no refund or credit for missed class or camp days due to illness, schedule conflicts or for any other reasons, although COCA has adopted policies and procedures, during the COVID-19 pandemic, to meet the unique needs of this time and provide flexibility to students and families.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

Payments of tuition for the upcoming year, which are received in the current year, are recorded as deferred revenue and recognized as revenue as earned. The opening and closing balances in deferred revenue related to tuition at September 1, 2021 and August 31, 2022 were \$222,393 and \$260,095, respectively. The opening and closing balances in deferred revenue related to tuition at September 1, 2020 and August 31, 2021 were \$181,044 and \$222,393, respectively.

In support of its Education program, COCA sub-leases a studio to another not-for-profit organization (Note 13). 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 and is included in miscellaneous revenue on the consolidated statement of activities. 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. The opening and closing balances in deferred revenue related to prepayments that have been received but not yet recognized as revenue at September 1, 2021 and August 31, 2022 were \$1,785,716 and \$1,723,964, respectively. The opening and closing balances in deferred revenue related to prepayments that have been received but not yet recognized as revenue at September 1, 2020 and August 31, 2021 were \$1,847,470 and \$1,785,716, respectively.

COCA serves area schools through its COCAedu program. COCA's arts integration residency programs encourage classroom educators, cultural organizations and teaching artists to work together to integrate the arts into lessons across all subject areas in order to engage and inspire their students to use critical thinking, problem solving and collaboration skills. COCA's arts classes and residencies provide customized, multidisciplinary arts enrichment programs. COCA's workshops and classes engage teachers in hands-on activities designed to give them the tools needed to develop and implement arts-based strategies in their classrooms. Revenue for these services is recognized as these services are provided to area schools.

COCA serves business leaders through its COCAbiz program. COCAbiz provides immersive arts-based training, programming and consulting for business professionals. Revenue is recognized as these trainings and programming are delivered to businesses.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

COCA serves community members through its performances and exhibitions. COCApresents, COCA's signature performance season, brings thought-provoking programming to the St. Louis community with a selection of work from local, and national professional artists as well as COCA student-artists. The Millstone Gallery at COCA presents timely, relevant exhibitions from emerging and established St. Louis artists. Revenue is recognized as the performance or exhibition is held.

Revenues recognized over time versus at a point in time are as follows:

	<u>2022</u>	<u>2021</u>
Revenue recognized over time	\$ 2,125,871	\$ 1,498,028
Revenue recognized at a point in time	130,020	98,034
<u>Total program revenues and miscellaneous</u>	<u>\$ 2,255,891</u>	<u>\$ 1,596,062</u>

Employee Retention Credit

The CARES Act provided an employee retention credit which is a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit is equal to 50% of qualified wages paid to employees during a quarter, capped at \$10,000 of qualified wages through December 31, 2020.

The Consolidated Appropriations Act of 2021 extended and expanded the availability of the employee retention credit through December 31, 2021. However, certain provisions apply only after December 31, 2020. This new legislation amends the employee retention credit to be equal to 70% of qualified wages paid to employees after December 31, 2020, and before December 31, 2021. The Infrastructure Investment and Jobs Act, which was signed in November 2021, changed the ending date of availability of the employee retention credit for COCA to September 30, 2021. During 2021, a maximum of \$10,000 in qualified wages for each employee per calendar quarter may be counted in determining the 70% credit. Therefore, the maximum tax credit that can be claimed by an eligible employer in 2021 is \$7,000 per employee per calendar quarter.

COCA recognized the employee retention credit when the conditions for earning it were substantially met.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

COCA qualified for the credit beginning in March 2020 and received additional credits for qualified wages through September 2021. During the year ended August 31, 2021, revenue in the amount of \$1,298,456 was recognized as other gains and income on the consolidated statement of activities related to the employee retention credit. As of August 31, 2022 and 2021, \$988,119 and \$1,298,456, respectively, remained outstanding and is included in accounts receivable on the consolidated statement of financial position.

Shuttered Venue Operators Grant

A portion of COCA's revenue in 2021 was derived from the Shuttered Venue Operators Grants program established by the Economic Aid to Hard-Hit Small Businesses, Nonprofits and Venues Act, and amended by the American Rescue Plan Act. Recognition of this grant revenue was conditional upon the incurrence of allowable qualifying expenses. Amounts received were recognized as revenue when COCA had incurred expenditures in compliance with the specific grant provisions. Amounts received prior to incurring qualifying expenditures would have been reported as refundable advances in the consolidated statement of financial position. For the year ended August 31, 2021, COCA incurred qualifying expenditures of \$440,718 and recognized the related revenue as other gains and income on the consolidated statement of activities.

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 provide support services for pre-professional students.

Camps

Includes those expenditures that enable COCA to provide summer arts camps at COCA's main University City location.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

COCAedu

Includes those expenditures that enable COCA to provide arts education and arts-integration programs for students at early childhood centers and K-12 schools throughout the St. Louis region and professional development for classroom teachers. Additionally, includes expenditures that enable COCA to collaborate 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 and dance performances for St. Louis audiences. With access as a core value, COCA provides opportunities for families to experience engaging performances together and strives to make these shows accessible to the widest possible demographic through discounted tickets, partnerships, and school time performances for 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, coaching, and special events, to help individuals and corporate teams embrace creative problem solving, team collaboration, innovative thinking, and more dynamic leadership.

Management And General

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

Fundraising

Provides the structure necessary to identify, cultivate and secure private financial support from corporations, foundations, public agencies and individuals, including fundraising events.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

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, utilities, and interest). 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 \$241,699 and \$125,740 for 2022 and 2021, respectively.

Tax Status

The United States Treasury Department has advised that COCA constitutes qualified not-for-profit organizations and are, 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 2022, COCA adopted Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which enhances disclosures about contributions of nonfinancial assets.

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:

	2022			
	Operating	Create Our Future Campaign	Endowment	Total
Less than one year	\$ 1,204,545	\$ 1,088,610	\$ 500	\$ 2,293,655
One - five years	302,350	3,380,225	—	3,682,575
More than five years	100,000	—	—	100,000
	<u>1,606,895</u>	<u>4,468,835</u>	<u>500</u>	<u>6,076,230</u>
Less: Discount to record at present value	43,500	347,700	—	391,200
Less: Allowance for doubtful promises to give	39,350	282,750	—	322,100
	<u>\$ 1,524,045</u>	<u>\$ 3,838,385</u>	<u>\$ 500</u>	<u>\$ 5,362,930</u>

	2021			
	Operating	Create Our Future Campaign	Endowment	Total
Less than one year	\$ 629,772	\$ 921,544	\$ 6,009	\$ 1,557,325
One - five years	579,450	5,120,646	—	5,700,096
More than five years	125,000	—	—	125,000
	<u>1,334,222</u>	<u>6,042,190</u>	<u>6,009</u>	<u>7,382,421</u>
Less: Discount to record at present value	74,700	524,400	—	599,100
Less: Allowance for doubtful promises to give	43,800	329,550	—	373,350
	<u>\$ 1,215,722</u>	<u>\$ 5,188,240</u>	<u>\$ 6,009</u>	<u>\$ 6,409,971</u>

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>2022</u>	<u>2021</u>
Promises to give	\$ 5,362,430	\$ 6,403,962
Assets restricted/designated for endowment	500	6,009
	<u>\$ 5,362,930</u>	<u>\$ 6,409,971</u>

As of August 31, 2022 and 2021, COCA had donor commitments to be paid from donor-advised funds and community foundations totaling approximately \$21,500 and \$120,000, 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>2022</u>	<u>2021</u>
Prepaid insurance	\$ 14,160	\$ 9,275
Prepaid program expenses	15,735	37,599
Other	534	2,248
	<u>\$ 30,429</u>	<u>\$ 49,122</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, 2022 and 2021, principal of \$10,481,400 and accrued interest of \$17,469 was outstanding.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

6. Assets Restricted And/Or Designated For Endowment

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

	2022		2021	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 158,089	\$ 158,089	\$ 114,607	\$ 114,610
Fixed income mutual funds				
Global high yield	52,125	44,958	42,125	43,113
International developed	194,835	178,720	178,357	188,557
Investment grade taxable	1,236,950	1,128,552	826,631	865,339
Hedge funds				
Market neutral	141,342	159,554	141,342	162,580
Long/short equity	117,725	141,854	117,725	149,716
Nontraditional bond	65,000	63,095	65,000	69,156
Equity mutual funds				
U.S. large cap	1,265,078	1,804,902	1,265,322	2,197,676
U.S. mid cap	488,119	684,066	528,854	928,160
U.S. small cap	434,931	555,075	601,112	908,009
International developed	489,073	514,587	666,197	888,941
Emerging markets	156,218	156,815	241,945	308,191
Tangible assets mutual funds				
Commodities	100,000	88,788	—	—
	<u>\$ 4,899,485</u>	<u>\$ 5,679,055</u>	<u>\$ 4,789,217</u>	<u>\$ 6,824,048</u>

At August 31, 2022 and 2021, assets restricted and/or designated for endowment also include promises to give in the amount of \$500 and \$6,009, respectively.

Investment income (loss) is comprised of:

	2022	2021
Interest and dividends	\$ 188,931	\$ 153,813
Unrealized gain (loss) on investments	(1,255,261)	1,069,403
Realized gain on investments	194,057	253,265
	<u>\$ (872,273)</u>	<u>\$ 1,476,481</u>

Interest and dividends were reported net of fees. Investment fees totaled \$34,372 and \$33,597 in 2022 and 2021, respectively.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements *(Continued)*

Investment income (loss) is reflected within the consolidated statement of activities as follows:

	<u>2022</u>	<u>2021</u>
Investment income appropriated for current operations	\$ 229,999	\$ 210,001
Investment income (loss) in excess of amount appropriated for current operations	(1,102,272)	1,266,480
	<u>\$ (872,273)</u>	<u>\$ 1,476,481</u>

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

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 2022 and 2021, 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>2022</u>	<u>2021</u>
Land	\$ 1,045,917	\$ 1,045,917
Buildings and building improvements	34,128,622	34,103,610
Courtyard improvements and landscaping	83,240	83,240
Furniture and fixtures	3,023,919	2,881,572
Vehicles	81,503	81,503
Construction in progress	114,370	25,547
	<u>38,477,571</u>	<u>38,221,389</u>
Less: Accumulated depreciation	5,867,985	4,523,171
	<u>\$ 32,609,586</u>	<u>\$ 33,698,218</u>

Capitalized interest in the amount of \$470,614 is included in building and building improvements at August 31, 2022 and 2021, 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 Lines 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.

At August 31, 2022 and 2021, the outstanding balance on the line of credit was \$4,256,494 and \$5,651,919, respectively. During 2022 and 2021, interest incurred and expensed on this line of credit amounted to \$123,633 and \$163,336, respectively. At August 31, 2022 and 2021, \$16,029 and \$13,003, respectively, remained outstanding and was included in accounts payable and accrued expenses on the consolidated statement of financial position.

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 matured on March 5, 2023 and was 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, 2022 or 2021.

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, 2022 and 2021, the IFF CDE Reserve had a balance of \$161,936 and \$207,846, 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, 2022 and 2021, principal of \$3,703,428 and \$1,543,572, respectively, was outstanding on these loans. Interest incurred on these loans during 2022 and 2021 amounted to \$61,810. \$10,302 remained outstanding at August 31, 2022 and 2021, 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, 2022 and 2021, principal of \$2,795,040 and \$1,164,960, respectively, was outstanding on these loans. Interest incurred on these loans during 2022 and 2021 amounted to \$46,649. \$7,776 remained outstanding at August 31, 2022 and 2021, 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, 2022 and 2021, the NCIF CDE Reserve had a balance of \$131,758 and \$177,258, 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, 2022 and 2021, principal of \$3,982,932 and \$1,546,068, respectively, was outstanding on these loans. Interest incurred on these loans during 2022 and 2021 amounted to \$65,132. \$10,854 remained outstanding at August 31, 2022 and 2021, which 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 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 were due monthly. After this interest-only period, monthly payments of principal and interest of \$14,911 were due. In June 2022, COCA refinanced this loan, which now bears interest at 5.5% with monthly payments of principal and interest of \$13,768 due until the loan's maturity on December 6, 2025. Principal of \$1,907,409 and \$1,957,544 was outstanding on this loan at August 31, 2022 and 2021, respectively. Interest incurred on this loan during 2022 and 2021 amounted to \$124,908 and \$128,104 respectively. \$9,034 and \$10,617 remained outstanding at August 31, 2022 and 2021, respectively, 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*)

Future required principal payments are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 60,247
2024	63,409
2025	67,321
2026	5,972,926
2027	—
Thereafter	14,736,000
	<u>\$ 20,899,903</u>

10. Paycheck Protection Program Loans

In April 2020, COCA entered into a Paycheck Protection Program (PPP) loan in the amount of \$741,800 with a local bank. This loan was issued pursuant to the CARES Act's Paycheck Protection Program and was unsecured. Amounts outstanding under this loan bore interest at a rate of 1%. During the period beginning April 2020 and ending on the ten-month anniversary of the loan's covered period (the deferral period), interest on the outstanding principal balance would accrue, but neither principal nor interest were due or payable. At the end of the deferral period, the outstanding principal that was not forgiven under the Paycheck Protection Program would convert to a term loan (the conversion balance). On the first payment date and each month thereafter, monthly principal and interest payments of \$41,543 would be due. A final payment of unpaid principal plus accrued interest was due at maturity in April 2022. During 2021, full forgiveness was approved by the SBA and a gain on extinguishment of debt of \$741,800 was recognized.

In January 2021, COCA received proceeds of \$568,390 under a promissory note entered into between COCA and a bank pursuant to the PPP established under the CARES Act and administered by the SBA. Loan payments were deferred for the first ten months after the end of the loan's covered period. After that, the loan and interest would be paid back over a period of forty-four months, if the loan was not forgiven under the terms of the PPP. The first payment on the term loan was due in June 2022. On the first payment date and each month thereafter, monthly principal and interest payments of \$13,163 were due. A final payment of unpaid principal plus accrued interest was due at maturity. During 2022, full forgiveness was approved by the SBA and a gain on extinguishment of debt of \$568,390 was recognized.

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:

	2022			2021		
	Time And Purpose Restrictions	Perpetual In Nature	Total	Time And Purpose Restrictions	Perpetual In Nature	Total
Transformational leadership fund	\$ 119,638	\$ —	\$ 119,638	\$ —	\$ —	\$ —
COCAbiz	50,000	—	50,000	57,000	—	57,000
COCAedu	112,389	—	112,389	137,701	—	137,701
Productions and exhibits	285,000	—	285,000	398,999	—	398,999
On-site	34,837	—	34,837	—	—	—
General operations/Leadership Circle	921,520	—	921,520	870,926	—	870,926
Pre-professional support services	63,890	—	63,890	64,969	—	64,969
Camps	—	—	—	5,000	—	5,000
	1,587,274	—	1,587,274	1,534,595	—	1,534,595
Donor-restricted endowment funds:						
COCA endowment	186,223	420,000	606,223	315,423	420,000	735,423
Dorothy Pearlstein Dubinsky Garden endowment	12,544	25,000	37,544	20,545	25,000	45,545
Ferring Family Faculty endowment	3,394	6,765	10,159	5,560	6,765	12,325
Grant Foundation endowment	5,018	10,000	15,018	8,218	10,000	18,218
Hillman Fund for Innovation	26,547	263,150	289,697	88,287	263,150	351,437
Janet and Bernard Becker Fund for Outreach	403,724	1,060,383	1,464,107	715,755	1,060,383	1,776,138
Kathryn D. Cramer scholarship endowment	(485)	75,244	74,759	18,106	75,244	93,350
Peter Witte endowment	44,735	106,549	151,284	76,941	103,788	180,729
Productions and exhibits endowment	25,088	50,000	75,088	41,090	50,000	91,090
Riven Family endowment	19,024	59,000	78,024	35,652	58,000	93,652
Rosalyn and Manny Rosenthal endowment	50,176	100,000	150,176	82,181	100,000	182,181
Scholarships and outreach endowment	58,671	149,387	208,058	99,072	149,387	248,459
William Randolph Hearst outreach endowment	176,029	300,000	476,029	274,317	300,000	574,317
Pam Mandelker endowment	(8,291)	53,500	45,209	—	—	—
Wilma Messing scholarship endowment	112,619	224,450	337,069	184,455	224,450	408,905
	1,115,016	2,903,428	4,018,444	1,965,602	2,846,167	4,811,769
	\$ 2,702,290	\$ 2,903,428	\$ 5,605,718	\$ 3,500,197	\$ 2,846,167	\$ 6,346,364

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

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

	<u>2022</u>	<u>2021</u>
COCAbiz	\$ 57,000	\$ 44,500
COCAedu	196,701	231,524
Productions and exhibits	376,954	245,369
Fundraising events	9,795	641,007
On-site	27,500	4,000
General operations/Leadership Circle	1,492,955	1,462,072
Pre-professional support services	284,686	188,674
Camps	53,000	58,000
	<u>\$ 2,498,591</u>	<u>\$ 2,875,146</u>

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 GAAP, 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.

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;

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

- 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. A deficiency of this nature exists in two donor-restricted endowment funds, which had original gift values of \$128,744, a current fair value of \$119,968, and a deficiency of \$8,776 as of August 31, 2022. There were no such deficiencies as of August 31, 2021. 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 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 - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (Continued)

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.

At August 31, 2022 and 2021, COCA had the following endowment funds:

	2022				Total
	Without Donor Restrictions	Unappropriated Endowment Earnings	Investments In Perpetuity		
Donor-restricted endowment funds	\$ —	\$ 1,115,016	\$ 2,902,928	\$ 4,017,944	
Board-designated endowment funds	1,661,111	—	—	1,661,111	
	<u>\$ 1,661,111</u>	<u>\$ 1,115,016</u>	<u>\$ 2,902,928</u>	<u>\$ 5,679,055</u>	

	2021				Total
	Without Donor Restrictions	Unappropriated Endowment Earnings	Investments In Perpetuity		
Donor-restricted endowment funds	\$ —	\$ 1,965,602	\$ 2,840,158	\$ 4,805,760	
Board-designated endowment funds	2,018,288	—	—	2,018,288	
	<u>\$ 2,018,288</u>	<u>\$ 1,965,602</u>	<u>\$ 2,840,158</u>	<u>\$ 6,824,048</u>	

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (Continued)

Changes in these endowment funds for the years ended August 31, 2022 and 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions Unappropriated Endowment Earnings	Investments In Perpetuity	Total
Balance - September 1, 2020	\$ 1,653,463	\$ 1,144,276	\$ 2,826,476	\$ 5,624,215
Net investment income and investment gains	401,878	969,274	—	1,371,152
Proceeds from contributions restricted for endowment	—	—	13,682	13,682
Transfers to board- designated endowment	25,000	—	—	25,000
Appropriation of endowment assets for expenditure	(62,053)	(147,948)	—	(210,001)
Balance - August 31, 2021	2,018,288	1,965,602	2,840,158	6,824,048
Net investment income and investment losses	(289,596)	(688,168)	—	(977,764)
Proceeds from contributions restricted for endowment	—	—	62,770	62,770
Appropriation of endowment assets for expenditure	(67,581)	(162,418)	—	(229,999)
Balance - August 31, 2022	\$ 1,661,111	\$ 1,115,016	\$ 2,902,928	\$ 5,679,055

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, totaling \$6,993,301. Monthly rent payments began when the garage was placed in service on June 1, 2018 and will continue through June 1, 2049. 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, 2022 and 2021, rent expense recognized under the lease totaled \$421,343 and \$427,475, 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>
2023	\$ 417,983
2024	417,983
2025	417,983
2026	417,983
2027	417,983
Thereafter	9,125,968
	<u>\$ 11,215,883</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, 2022 and 2021, \$1,723,964 and \$1,785,716, 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.

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, 2022, approximately 25% of total support was from two donors. In addition, at August 31, 2022, approximately 51% of gross promises to give were from one donor.

COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (Continued)

For the year ended August 31, 2021, approximately 38% of total support was from one donor. In addition, at August 31, 2021, approximately 42% of gross promises to give were from two donors.

16. Related Party Transactions

Companies affiliated with members of COCA's Board of Directors were paid approximately \$601,000 and \$629,000 during the years ended August 31, 2022 and 2021, respectively, for legal services, catering for special events, and construction services.

17. Liquidity And Availability Of Resources

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

	<u>2022</u>	<u>2021</u>
Financial Assets		
Cash and cash equivalents	\$ 3,169,233	\$ 4,554,798
Restricted cash	293,694	385,104
Accounts receivable	1,034,706	1,316,165
Promises to give	5,362,430	6,403,962
Investments	5,679,555	6,830,057
Total Financial Assets	15,539,618	19,490,086
Less Amounts Not Available To Be Used For General Expenditures Within One Year		
Amounts designated by the Board	5,926,603	7,593,635
Amounts with contractual restrictions	293,694	385,104
Time and purpose donor restrictions	1,718,289	2,184,367
Amounts restricted for endowment	2,903,428	2,846,167
Total Amounts Not Available To Be Used For General Expenditures Within One Year	10,842,014	13,009,273
	\$ 4,697,604	\$ 6,480,813

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.

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, 2022 and 2021, and our report thereon dated March 7, 2023, 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 audits of the consolidated financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

RubinBrown LLP

March 7, 2023

COCA - CENTER OF CREATIVE ARTS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2022

Assets					
	COCA	QALICB	Leverage Lender	Eliminations	Total
Cash and cash equivalents	\$ 2,654,433	\$ 87,693	\$ —	\$ —	\$ 2,742,126
Cash and cash equivalents - Board-designated reserve	427,107	—	—	—	427,107
Restricted cash	—	293,694	—	—	293,694
Accounts receivable	1,034,706	783,683	—	(783,683)	1,034,706
Promises to give, net	5,362,430	—	—	—	5,362,430
Prepaid expenses	30,429	—	—	—	30,429
Note and interest receivable	—	—	10,498,869	—	10,498,869
Property and equipment	3,334,225	29,516,805	—	(241,444)	32,609,586
Assets restricted and/or designated for endowment	5,679,555	—	—	—	5,679,555
Total Assets	\$ 18,522,885	\$ 30,681,875	\$ 10,498,869	\$ (1,025,127)	\$ 58,678,502
Liabilities And Net Assets					
Liabilities					
Long-term debt	\$ 4,256,494	\$ 16,643,409	\$ —	\$ —	\$ 20,899,903
Less: Unamortized debt issuance costs	—	(492,689)	—	—	(492,689)
Long-term debt less unamortized debt issuance costs	4,256,494	16,150,720	—	—	20,407,214
Accounts payable and accrued expenses	1,593,713	37,966	—	(783,683)	847,996
Deferred revenue	1,984,059	—	—	—	1,984,059
Total Liabilities	7,834,266	16,188,686	—	(783,683)	23,239,269
Net Assets					
Without Donor Restrictions					
Undesignated	78,567	1,127,104	—	—	1,205,671
Board-designated endowment	1,661,111	—	—	—	1,661,111
Board-designated capital building reserve	427,107	—	—	—	427,107
Board-designated debt service reserve	3,838,385	—	—	—	3,838,385
Investment in note and interest receivable	—	—	10,498,869	—	10,498,869
Investment in property and equipment	(922,269)	13,366,085	—	(241,444)	12,202,372
Total Without Donor Restrictions	5,082,901	14,493,189	10,498,869	(241,444)	29,833,515
With Donor Restrictions	5,605,718	—	—	—	5,605,718
Total Net Assets	10,688,619	14,493,189	10,498,869	(241,444)	35,439,233
Total Liabilities And Net Assets	\$ 18,522,885	\$ 30,681,875	\$ 10,498,869	\$ (1,025,127)	\$ 58,678,502

COCA - CENTER OF CREATIVE ARTS

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2021

Assets					
	COCA	QALICB	Leverage Lender	Eliminations	Total
Cash and cash equivalents	\$ 4,086,191	\$ 81,500	\$ —	\$ —	\$ 4,167,691
Cash and cash equivalents - Board-designated reserve	387,107	—	—	—	387,107
Restricted cash	—	385,104	—	—	385,104
Accounts receivable	1,316,165	474,587	—	(474,587)	1,316,165
Promises to give, net	6,403,962	—	—	—	6,403,962
Prepaid expenses	49,122	—	—	—	49,122
Note and interest receivable	—	—	10,498,869	—	10,498,869
Property and equipment	3,424,732	30,514,930	—	(241,444)	33,698,218
Assets restricted and/or designated for endowment	6,830,057	—	—	—	6,830,057
Total Assets	\$ 22,497,336	\$ 31,456,121	\$ 10,498,869	\$ (716,031)	\$ 63,736,295
Liabilities And Net Assets					
Liabilities					
Long-term debt	\$ 5,651,919	\$ 16,693,544	\$ —	\$ —	\$ 22,345,463
Less: Unamortized debt issuance costs	—	(525,041)	—	—	(525,041)
Long-term debt less unamortized debt issuance costs	5,651,919	16,168,503	—	—	21,820,422
Paycheck Protection Program loan	568,390	—	—	—	568,390
Accounts payable and accrued expenses	1,142,261	39,549	—	(474,587)	707,223
Deferred revenue	2,008,109	—	—	—	2,008,109
Total Liabilities	9,370,679	16,208,052	—	(474,587)	25,104,144
Net Assets					
Without Donor Restrictions					
Undesignated	1,413,845	901,642	—	—	2,315,487
Board-designated endowment	2,018,288	—	—	—	2,018,288
Board-designated capital building reserve	387,107	—	—	—	387,107
Board-designated debt service reserve	5,188,240	—	—	—	5,188,240
Investment in note and interest receivable	—	—	10,498,869	—	10,498,869
Investment in property and equipment	(2,227,187)	14,346,427	—	(241,444)	11,877,796
Total Without Donor Restrictions	6,780,293	15,248,069	10,498,869	(241,444)	32,285,787
With Donor Restrictions	6,346,364	—	—	—	6,346,364
Total Net Assets	13,126,657	15,248,069	10,498,869	(241,444)	38,632,151
Total Liabilities And Net Assets	\$ 22,497,336	\$ 31,456,121	\$ 10,498,869	\$ (716,031)	\$ 63,736,295

COCA - CENTER OF CREATIVE ARTS
CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended August 31, 2022

	COCA			QALICB	Leverage Lender	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total				
Support							
Contributions and grants - operations	\$ 96,398	\$ 2,241,402	\$ 2,337,800	\$ —	\$ —	\$ —	\$ 2,337,800
Contributions and grants - Create Our Future Campaign	—	252,577	252,577	—	—	—	252,577
Donated goods and services	44,040	—	44,040	—	—	—	44,040
Neighborhood Assistance Program contributions	—	69,107	69,107	—	—	—	69,107
Adjustment to discount on long-term promises to give	176,700	31,200	207,900	—	—	—	207,900
Total contributions and grants	317,138	2,594,286	2,911,424	—	—	—	2,911,424
Fundraising event revenue	717,331	9,795	727,126	—	—	—	727,126
Fundraising event revenue - donated goods and services	25,020	—	25,020	—	—	—	25,020
Costs of direct benefits to donors	(324,924)	—	(324,924)	—	—	—	(324,924)
Net revenues from fundraising events	417,427	9,795	427,222	—	—	—	427,222
Total Support	734,565	2,604,081	3,338,646	—	—	—	3,338,646
Revenue							
Program revenues:							
Education (net of \$131,216 of scholarships)	965,598	—	965,598	—	—	—	965,598
Camps	804,428	—	804,428	—	—	—	804,428
COCAedu	78,068	—	78,068	—	—	—	78,068
Productions and exhibits	195,087	—	195,087	—	—	—	195,087
COCAbiz	83,360	—	83,360	—	—	—	83,360
Investment income appropriated for current operations	67,581	162,418	229,999	—	—	—	229,999
Miscellaneous	129,350	—	129,350	309,096	—	(309,096)	129,350
Total Revenue	2,323,472	162,418	2,485,890	309,096	—	(309,096)	2,485,890
Net Assets Released From Restrictions	2,498,591	(2,498,591)	—	—	—	—	—
Appropriation Of Endowment Investment Earnings	162,418	(162,418)	—	—	—	—	—
Total Support And Revenue	5,719,046	105,490	5,824,536	309,096	—	(309,096)	5,824,536
Expenses And Losses							
Program:							
Education	2,412,855	—	2,412,855	1,328,976	—	(309,096)	3,432,735
Camps	821,692	—	821,692	—	—	—	821,692
COCAedu	255,075	—	255,075	—	—	—	255,075
Productions and exhibits	1,357,083	—	1,357,083	—	—	—	1,357,083
COCAbiz	176,242	—	176,242	—	—	—	176,242
Total Program Expenses	5,022,947	—	5,022,947	1,328,976	—	(309,096)	6,042,827
Management and general	1,632,389	—	1,632,389	37,851	—	—	1,670,240
Development and fundraising events	770,505	—	770,505	—	—	—	770,505
Total Expenses	7,425,841	—	7,425,841	1,366,827	—	(309,096)	8,483,572
Loss on uncollectible promises to give	4,450	(4,450)	—	—	—	—	—
Total Expenses And Losses	7,430,291	(4,450)	7,425,841	1,366,827	—	(309,096)	8,483,572
Increase (Decrease) In Net Assets From Operations	(1,711,245)	109,940	(1,601,305)	(1,057,731)	—	—	(2,659,036)
Other Gains (Losses) and Income							
Investment income (loss) in excess of amount appropriated for current operations	(356,500)	(850,586)	(1,207,086)	—	104,814	—	(1,102,272)
Gain on extinguishment of Paycheck Protection Program loan	568,390	—	568,390	—	—	—	568,390
Total Other Gains (Losses) And Income	211,890	(850,586)	(638,696)	—	104,814	—	(533,882)
Increase (Decrease) In Net Assets Before Transfers	(1,499,355)	(740,646)	(2,240,001)	(1,057,731)	104,814	—	(3,192,918)
Transfers Between Entities	(198,037)	—	(198,037)	302,851	(104,814)	—	—
Decrease In Net Assets	(1,697,392)	(740,646)	(2,438,038)	(754,880)	—	—	(3,192,918)
Net Assets - Beginning Of Year	6,780,293	6,346,364	13,126,657	15,248,069	10,498,869	(241,444)	38,632,151
Net Assets - End Of Year	\$ 5,082,901	\$ 5,605,718	\$ 10,688,619	\$ 14,493,189	\$ 10,498,869	\$ (241,444)	\$ 35,439,233

COCA - CENTER OF CREATIVE ARTS
CONSOLIDATING STATEMENT OF ACTIVITIES
For The Year Ended August 31, 2021

	COCA			QALICB	Leverage Lender	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total				
Support							
Contributions and grants - operations	\$ 132,425	\$ 2,750,250	\$ 2,882,675	\$ —	\$ —	\$ —	\$ 2,882,675
Contributions and grants - Create Our Future Campaign	295,500	—	295,500	—	—	—	295,500
Bequests	826,557	—	826,557	—	—	—	826,557
Adjustment to discount on long-term promises to give	293,600	(61,100)	232,500	—	—	—	232,500
Total contributions and grants	1,548,082	2,689,150	4,237,232	—	—	—	4,237,232
Fundraising event revenue	761,241	441,340	1,202,581	—	—	—	1,202,581
Fundraising event revenue - donated goods and services	15,250	—	15,250	—	—	—	15,250
Costs of direct benefits to donors	(355,387)	—	(355,387)	—	—	—	(355,387)
Net revenues from fundraising events	421,104	441,340	862,444	—	—	—	862,444
Total Support	1,969,186	3,130,490	5,099,676	—	—	—	5,099,676
Revenue							
Program revenues:							
Education (net of \$147,286 of scholarships)	670,218	—	670,218	—	—	—	670,218
Camps	670,082	—	670,082	—	—	—	670,082
COCAedu	55,270	—	55,270	—	—	—	55,270
Productions and exhibits	79,961	—	79,961	—	—	—	79,961
COCAbiz	48,432	—	48,432	—	—	—	48,432
Investment income appropriated for current operations	62,053	147,948	210,001	—	—	—	210,001
Miscellaneous	72,099	—	72,099	295,572	—	(295,572)	72,099
Total Revenue	1,658,115	147,948	1,806,063	295,572	—	(295,572)	1,806,063
Net Assets Released From Restrictions	2,875,146	(2,875,146)	—	—	—	—	—
Appropriation Of Endowment Investment Earnings	147,948	(147,948)	—	—	—	—	—
Total Support And Revenue	6,650,395	255,344	6,905,739	295,572	—	(295,572)	6,905,739
Expenses And Losses							
Program:							
Education	2,184,742	—	2,184,742	1,331,099	—	(295,572)	3,220,269
Camps	718,605	—	718,605	—	—	—	718,605
COCAedu	224,081	—	224,081	—	—	—	224,081
Productions and exhibits	935,825	—	935,825	—	—	—	935,825
COCAbiz	176,125	—	176,125	—	—	—	176,125
Total Program Expenses	4,239,378	—	4,239,378	1,331,099	—	(295,572)	5,274,905
Management and general	1,554,068	—	1,554,068	32,783	—	—	1,586,851
Development and fundraising events	770,450	—	770,450	—	—	—	770,450
Total Expenses	6,563,896	—	6,563,896	1,363,882	—	(295,572)	7,632,206
Loss on uncollectible promises to give	—	24,450	24,450	—	—	—	24,450
Total Expenses And Losses	6,563,896	24,450	6,588,346	1,363,882	—	(295,572)	7,656,656
Increase (Decrease) In Net Assets From Operations	86,499	230,894	317,393	(1,068,310)	—	—	(750,917)
Other Gains and Income							
Investment income in excess of amount appropriated for current operations	340,340	821,326	1,161,666	—	104,814	—	1,266,480
Gain on extinguishment of Paycheck Protection Program loan	741,800	—	741,800	—	—	—	741,800
Employee retention credit	1,298,456	—	1,298,456	—	—	—	1,298,456
Shuttered venue operators grant	440,718	—	440,718	—	—	—	440,718
Total Other Gains And Income	2,821,314	821,326	3,642,640	—	104,814	—	3,747,454
Increase (Decrease) In Net Assets Before Transfers	2,907,813	1,052,220	3,960,033	(1,068,310)	104,814	—	2,996,537
Transfers Between Entities	(1,579,974)	—	(1,579,974)	1,684,788	(104,814)	—	—
Increase In Net Assets	1,327,839	1,052,220	2,380,059	616,478	—	—	2,996,537
Net Assets - Beginning Of Year	5,452,454	5,294,144	10,746,598	14,631,591	10,498,869	(241,444)	35,635,614
Net Assets - End Of Year	\$ 6,780,293	\$ 6,346,364	\$ 13,126,657	\$ 15,248,069	\$ 10,498,869	\$ (241,444)	\$ 38,632,151

COCA - CENTER OF CREATIVE ARTS
SCHEDULE OF FUNCTIONAL EXPENSES - COCA
For The Year Ended August 31, 2022

	Program						Total	Development And Fundraising		Total
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Management And General		Events		
Salaries and wages	\$ 1,040,266	\$ 479,695	\$ 209,716	\$ 570,411	\$ 140,572	\$ 2,440,660	\$ 660,639	\$ 554,242	\$ 3,655,541	
Consultants	11,044	1,800	6,110	148,540	4,075	171,569	5,000	—	176,569	
Health insurance	21,136	4,638	6,385	9,165	4,304	45,628	12,481	13,694	71,803	
Payroll taxes	83,189	39,418	15,795	46,364	11,053	195,819	51,869	40,458	288,146	
Advertising and marketing	—	—	—	—	—	—	239,150	2,549	241,699	
Artist accommodations and hospitality	3,480	258	—	23,316	—	27,054	—	—	27,054	
Artist fees	—	—	—	—	—	—	—	—	—	
Bad debt expense	—	—	—	—	—	—	3,639	—	3,639	
Building occupancy	748,413	131,246	5,942	251,637	6,631	1,143,869	64,327	23,142	1,231,338	
Depreciation	176,563	46,140	2,393	83,804	2,666	311,566	25,912	9,211	346,689	
Donor cultivation	—	—	—	—	—	—	—	33,277	33,277	
Event expenses	—	—	—	—	302	302	—	36,600	36,902	
Insurance	36,327	9,494	492	17,240	549	64,102	10,725	1,897	76,724	
Interest	62,967	16,455	853	29,882	952	111,109	9,236	3,289	123,634	
Miscellaneous	5	—	—	—	—	5	—	—	5	
Office	3,877	4,550	120	7,853	—	16,400	201,401	6,473	224,274	
Postage and shipping	—	—	—	1,835	—	1,835	1,223	697	3,755	
Professional fees	—	—	—	—	—	—	209,926	—	209,926	
Program supplies	29,373	42,549	4,576	60,749	449	137,696	—	179	137,875	
Service charges	—	—	—	—	—	—	85,901	11,148	97,049	
Technology	88,477	23,061	1,257	64,879	1,526	179,200	18,337	27,081	224,618	
Training	12,430	—	65	753	1,837	15,085	19,963	2,072	37,120	
Transportation	9,642	—	210	—	31	9,883	95	22	10,000	
Utilities	85,666	22,388	1,161	40,655	1,295	151,165	12,565	4,474	168,204	
	\$ 2,412,855	\$ 821,692	\$ 255,075	\$ 1,357,083	\$ 176,242	\$ 5,022,947	\$ 1,632,389	\$ 770,505	\$ 7,425,841	

COCA - CENTER OF CREATIVE ARTS
SCHEDULE OF FUNCTIONAL EXPENSES - COCA
For The Year Ended August 31, 2021

	Program						Total	Development And Fundraising		Total
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Management And General		Events		
Salaries and wages	\$ 897,615	\$ 414,264	\$ 161,785	\$ 253,557	\$ 119,305	\$ 1,846,526	\$ 639,687	\$ 579,688	\$ 3,065,901	
Consultants	19,499	11,000	12,881	237,829	3,338	284,547	77	7,500	292,124	
Health insurance	26,919	3,908	5,575	—	5,230	41,632	11,274	16,373	69,279	
Payroll taxes	70,853	34,831	12,458	20,042	9,436	147,620	45,684	40,574	233,878	
Advertising and marketing	—	—	—	—	—	—	125,740	—	125,740	
Artist accommodations and hospitality	—	1,263	—	5,028	—	6,291	—	—	6,291	
Artist fees	—	—	—	14,500	—	14,500	—	—	14,500	
Bad debt expense	—	—	—	—	—	—	1,551	—	1,551	
Building occupancy	676,922	102,011	12,948	178,026	18,412	988,319	46,868	8,923	1,044,110	
Depreciation	197,087	44,233	5,623	45,904	7,995	300,842	15,242	9,035	325,119	
Donor cultivation	—	—	—	—	—	—	—	8,392	8,392	
Event expenses	—	—	—	—	10	10	—	50,544	50,554	
Insurance	35,101	8,178	1,040	14,051	1,478	59,848	2,930	1,670	64,448	
Interest	83,219	22,230	2,826	38,841	4,018	151,134	7,661	4,541	163,336	
Miscellaneous	16	—	—	—	—	16	—	—	16	
Office	667	737	120	6,398	125	8,047	56,930	3,151	68,128	
Postage and shipping	—	—	—	—	—	—	1,585	865	2,450	
Professional fees	—	—	—	—	—	—	486,473	—	486,473	
Program supplies	27,054	40,759	4,302	44,484	407	117,006	—	967	117,973	
Service charges	—	—	—	—	—	—	65,522	6,624	72,146	
Technology	72,601	19,394	2,465	57,396	3,516	155,372	31,146	27,472	213,990	
Training	7,794	—	50	773	—	8,617	10,048	867	19,532	
Transportation	1,650	—	—	—	—	1,650	206	37	1,893	
Utilities	67,745	15,797	2,008	18,996	2,855	107,401	5,444	3,227	116,072	
	\$ 2,184,742	\$ 718,605	\$ 224,081	\$ 935,825	\$ 176,125	\$ 4,239,378	\$ 1,554,068	\$ 770,450	\$ 6,563,896	

COCA - CENTER OF CREATIVE ARTS
SCHEDULE OF FUNCTIONAL EXPENSES - QALICB
For The Year Ended August 31, 2022

	Program										Management And General	Development And Fundraising Events	Total
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Total							
Salaries and wages	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consultants	—	—	—	—	—	—	—	—	—	—	—	—	—
Health insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Payroll taxes	—	—	—	—	—	—	—	—	—	—	—	—	—
Advertising and marketing	—	—	—	—	—	—	—	—	—	—	—	—	—
Artist accommodations and hospitality	—	—	—	—	—	—	—	—	—	—	—	—	—
Artist fees	—	—	—	—	—	—	—	—	—	—	—	—	—
Bad debt expense	—	—	—	—	—	—	—	—	—	—	—	—	—
Building occupancy	—	—	—	—	—	—	—	—	—	—	—	—	—
Depreciation	998,125	—	—	—	—	—	—	998,125	—	—	—	—	998,125
Donor cultivation	—	—	—	—	—	—	—	—	—	—	—	—	—
Event expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
Insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest	330,851	—	—	—	—	—	—	330,851	—	—	—	—	330,851
Miscellaneous	—	—	—	—	—	—	—	—	—	—	—	—	—
Office	—	—	—	—	—	—	—	—	—	—	—	—	—
Postage and shipping	—	—	—	—	—	—	—	—	—	—	—	—	—
Professional fees	—	—	—	—	—	—	—	—	36,760	—	—	—	36,760
Program supplies	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges	—	—	—	—	—	—	—	—	1,091	—	—	—	1,091
Technology	—	—	—	—	—	—	—	—	—	—	—	—	—
Training	—	—	—	—	—	—	—	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	—	—	—	—	—	—	—
Utilities	—	—	—	—	—	—	—	—	—	—	—	—	—
	\$ 1,328,976	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,328,976	\$ 37,851	\$ —	\$ —	\$ 1,366,827	

COCA - CENTER OF CREATIVE ARTS
SCHEDULE OF FUNCTIONAL EXPENSES - QALICB
For The Year Ended August 31, 2021

	Program										Management And General	Development And Fundraising Events	Total
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Total							
Salaries and wages	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Consultants	—	—	—	—	—	—	—	—	—	—	—	—	—
Health insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Payroll taxes	—	—	—	—	—	—	—	—	—	—	—	—	—
Advertising and marketing	—	—	—	—	—	—	—	—	—	—	—	—	—
Artist accommodations and hospitality	—	—	—	—	—	—	—	—	—	—	—	—	—
Artist fees	—	—	—	—	—	—	—	—	—	—	—	—	—
Bad debt expense	—	—	—	—	—	—	—	—	—	—	—	—	—
Building occupancy	—	—	—	—	—	—	—	—	—	—	—	—	—
Depreciation	997,052	—	—	—	—	—	—	997,052	—	—	—	—	997,052
Donor cultivation	—	—	—	—	—	—	—	—	—	—	—	—	—
Event expenses	—	—	—	—	—	—	—	—	—	—	—	—	—
Insurance	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest	334,047	—	—	—	—	—	—	334,047	—	—	—	—	334,047
Miscellaneous	—	—	—	—	—	—	—	—	—	—	—	—	—
Office	—	—	—	—	—	—	—	—	—	—	—	—	—
Postage and shipping	—	—	—	—	—	—	—	—	—	—	—	—	—
Professional fees	—	—	—	—	—	—	—	—	31,481	—	—	—	31,481
Program supplies	—	—	—	—	—	—	—	—	—	—	—	—	—
Service charges	—	—	—	—	—	—	—	—	1,302	—	—	—	1,302
Technology	—	—	—	—	—	—	—	—	—	—	—	—	—
Training	—	—	—	—	—	—	—	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	—	—	—	—	—	—	—
Utilities	—	—	—	—	—	—	—	—	—	—	—	—	—
	\$ 1,331,099	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,331,099	\$ 32,783	\$ —	\$ —	\$ 1,363,882	