

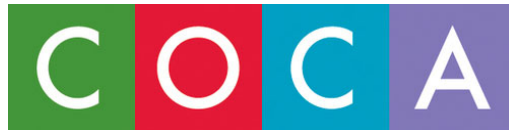
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**COCA - CENTER OF  
CREATIVE ARTS**  
CONSOLIDATED FINANCIAL STATEMENTS  
AUGUST 31, 2023

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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, 2023 and 2022, 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, 2023 and 2022, 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.

### *Emphasis Of Matter: Change in Accounting Principle*

As discussed in Note 2 to the consolidated financial statements, on September 1, 2022, COCA adopted Accounting Standards Codification Topic 842, *Leases*. Our opinion is not modified with respect to this matter.

### *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 6, 2024

**COCA - CENTER OF CREATIVE ARTS**

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**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**August 31, 2023 And 2022**

	Assets		Total	
	Without Donor	With Donor		
	Restrictions	Restrictions	2023	2022
Cash and cash equivalents	\$ 1,010,476	\$ 427,206	\$ 1,437,682	\$ 2,742,126
Cash and cash equivalents -				
Board-designated reserve	346,365	—	346,365	427,107
Restricted cash	254,232	—	254,232	293,694
Accounts receivable	1,133,684	—	1,133,684	1,034,706
Promises to give, net	3,668,167	294,436	3,962,603	5,362,430
Prepaid expenses	69,216	—	69,216	30,429
Note and interest receivable	10,498,869	—	10,498,869	10,498,869
Property and equipment	31,399,148	—	31,399,148	32,609,586
Right-of-use asset	6,013,208	—	6,013,208	—
Assets restricted and/or designated for endowment	1,718,947	4,154,749	5,873,696	5,679,555
<b>Total Assets</b>	<b>\$ 56,112,312</b>	<b>\$ 4,876,391</b>	<b>\$ 60,988,703</b>	<b>\$ 58,678,502</b>

Liabilities And Net Assets				
<b>Liabilities</b>				
Long-term debt	\$ 20,189,647	\$ —	\$ 20,189,647	\$ 20,899,903
Less: Unamortized debt issuance costs	(460,337)	—	(460,337)	(492,689)
Long-term debt less unamortized debt issuance costs	19,729,310	—	19,729,310	20,407,214
Accounts payable and accrued expenses	320,611	—	320,611	847,996
Deferred revenue	1,837,794	—	1,837,794	1,984,059
Lease liability	6,409,820	—	6,409,820	—
<b>Total Liabilities</b>	<b>28,297,535</b>	<b>—</b>	<b>28,297,535</b>	<b>23,239,269</b>
<b>Net Assets</b>				
Without Donor Restrictions				
Undesignated	309,203	—	309,203	1,205,671
Board-designated endowment	1,718,947	—	1,718,947	1,661,111
Board-designated capital building reserve	346,365	—	346,365	427,107
Board-designated debt service reserve	3,668,167	—	3,668,167	3,838,385
Investment in note and interest receivable	10,498,869	—	10,498,869	10,498,869
Investment in property and equipment	11,273,226	—	11,273,226	12,202,372
Total Without Donor Restrictions	27,814,777	—	27,814,777	29,833,515
With Donor Restrictions	—	4,876,391	4,876,391	5,605,718
<b>Total Net Assets</b>	<b>27,814,777</b>	<b>4,876,391</b>	<b>32,691,168</b>	<b>35,439,233</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 56,112,312</b>	<b>\$ 4,876,391</b>	<b>\$ 60,988,703</b>	<b>\$ 58,678,502</b>

**COCA - CENTER OF CREATIVE ARTS**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**For The Year Ended August 31, 2023**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support</b>			
Contributions and grants - operations	\$ 18,036	\$ 1,409,261	\$ 1,427,297
Contributions and grants - Create Our Future Campaign	—	364,500	364,500
Neighborhood Assistance Program contributions	—	12,069	12,069
Adjustment to discount on long-term promises to give	84,700	23,200	107,900
<b>Total contributions and grants</b>	<b>102,736</b>	<b>1,809,030</b>	<b>1,911,766</b>
Fundraising event revenue	612,455	217,166	829,621
Fundraising event revenue - donated goods and services	27,835	—	27,835
Costs of direct benefits to donors	(270,979)	—	(270,979)
<b>Net revenues from fundraising events</b>	<b>369,311</b>	<b>217,166</b>	<b>586,477</b>
<b>Total Support</b>	<b>472,047</b>	<b>2,026,196</b>	<b>2,498,243</b>
<b>Revenue</b>			
Program revenues:			
Education (net of \$116,294 of scholarships)	1,036,713	—	1,036,713
Camps	966,779	—	966,779
COCAedu	171,395	—	171,395
Productions and exhibits	152,517	—	152,517
COCAbiz	78,460	—	78,460
Investment income appropriated for current operations	78,955	181,045	260,000
Miscellaneous	106,562	—	106,562
<b>Total Revenue</b>	<b>2,591,381</b>	<b>181,045</b>	<b>2,772,426</b>
<b>Net Assets Released From Restrictions</b>	<b>2,893,308</b>	<b>(2,893,308)</b>	<b>—</b>
<b>Appropriation Of Endowment Investment Earnings</b>	<b>181,045</b>	<b>(181,045)</b>	<b>—</b>
<b>Total Support And Revenue</b>	<b>6,137,781</b>	<b>(867,112)</b>	<b>5,270,669</b>
<b>Expenses And Losses (Recoveries)</b>			
Program:			
Education	3,522,176	—	3,522,176
Camps	902,297	—	902,297
COCAedu	339,967	—	339,967
Productions and exhibits	1,233,847	—	1,233,847
COCAbiz	158,099	—	158,099
<b>Total Program Expenses</b>	<b>6,156,386</b>	<b>—</b>	<b>6,156,386</b>
Management and general	1,765,953	—	1,765,953
Development and fundraising events	537,682	—	537,682
<b>Total Expenses</b>	<b>8,460,021</b>	<b>—</b>	<b>8,460,021</b>
Recovery of previously uncollectible promises to give	(148,685)	(3,948)	(152,633)
<b>Total Expenses And Losses (Recoveries)</b>	<b>8,311,336</b>	<b>(3,948)</b>	<b>8,307,388</b>
<b>Decrease In Net Assets From Operations</b>	<b>(2,173,555)</b>	<b>(863,164)</b>	<b>(3,036,719)</b>
<b>Other Gains And Income</b>			
Investment income in excess of amount appropriated for current operations	154,817	133,837	288,654
<b>Decrease In Net Assets</b>	<b>(2,018,738)</b>	<b>(729,327)</b>	<b>(2,748,065)</b>
<b>Net Assets - Beginning Of Year</b>	<b>29,833,515</b>	<b>5,605,718</b>	<b>35,439,233</b>
<b>Net Assets - End Of Year</b>	<b>\$ 27,814,777</b>	<b>\$ 4,876,391</b>	<b>\$ 32,691,168</b>

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

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support</b>			
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
<b>Total contributions and grants</b>	<b>317,138</b>	<b>2,594,286</b>	<b>2,911,424</b>
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)
<b>Net revenues from fundraising events</b>	<b>417,427</b>	<b>9,795</b>	<b>427,222</b>
<b>Total Support</b>	<b>734,565</b>	<b>2,604,081</b>	<b>3,338,646</b>
<b>Revenue</b>			
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
<b>Total Revenue</b>	<b>2,323,472</b>	<b>162,418</b>	<b>2,485,890</b>
<b>Net Assets Released From Restrictions</b>	<b>2,498,591</b>	<b>(2,498,591)</b>	<b>—</b>
<b>Appropriation Of Endowment Investment Earnings</b>	<b>162,418</b>	<b>(162,418)</b>	<b>—</b>
<b>Total Support And Revenue</b>	<b>5,719,046</b>	<b>105,490</b>	<b>5,824,536</b>
<b>Expenses And Losses</b>			
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
<b>Total Program Expenses</b>	<b>6,042,827</b>	<b>—</b>	<b>6,042,827</b>
Management and general	1,670,240	—	1,670,240
Development and fundraising events	770,505	—	770,505
<b>Total Expenses</b>	<b>8,483,572</b>	<b>—</b>	<b>8,483,572</b>
Loss on uncollectible promises to give	4,450	(4,450)	—
<b>Total Expenses And Losses</b>	<b>8,488,022</b>	<b>(4,450)</b>	<b>8,483,572</b>
<b>Increase (Decrease) In Net Assets From Operations</b>	<b>(2,768,976)</b>	<b>109,940</b>	<b>(2,659,036)</b>
<b>Other Gains (Losses) And Income</b>			
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
<b>Total Other Gains (Losses) And Income</b>	<b>316,704</b>	<b>(850,586)</b>	<b>(533,882)</b>
<b>Decrease In Net Assets</b>	<b>(2,452,272)</b>	<b>(740,646)</b>	<b>(3,192,918)</b>
<b>Net Assets - Beginning Of Year</b>	<b>32,285,787</b>	<b>6,346,364</b>	<b>38,632,151</b>
<b>Net Assets - End Of Year</b>	<b>\$ 29,833,515</b>	<b>\$ 5,605,718</b>	<b>\$ 35,439,233</b>

# COCA - CENTER OF CREATIVE ARTS

## CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES For The Year Ended August 31, 2023

	Program						Development		
	Education	Camps	Productions			Total	Management And General	And Fundraising Events	Total
			COCAedu	And Exhibits	COCAbiz				
Salaries and wages	\$ 1,095,269	\$ 530,323	\$ 252,481	\$ 558,865	\$ 121,992	\$ 2,558,930	\$ 859,612	\$ 334,147	\$ 3,752,689
Consultants	18,083	16,300	8,570	70,302	450	113,705	20,127	11,413	145,245
Health insurance	18,663	3,772	29,928	6,195	8,364	66,922	8,573	8,629	84,124
Payroll taxes	88,181	44,599	20,326	44,890	9,699	207,695	70,085	26,245	304,025
Advertising and marketing	—	—	—	—	—	—	184,898	—	184,898
Artist accommodations and hospitality	6,878	472	—	26,992	—	34,342	—	—	34,342
Bad debt expense	—	—	—	—	—	—	5,437	—	5,437
Building occupancy	390,746	108,227	5,511	198,215	6,065	708,764	48,649	20,621	778,034
Depreciation	1,183,802	46,863	2,429	85,099	2,711	1,320,904	26,301	9,365	1,356,570
Donor cultivation	—	—	—	—	—	—	—	17,127	17,127
Event expenses	—	—	—	—	315	315	—	43,542	43,857
Fundraising events - costs of direct benefits to donors	—	—	—	—	—	—	—	270,979	270,979
Insurance	45,657	11,932	618	21,668	690	80,565	11,345	2,385	94,295
Interest	426,047	30,198	1,566	54,836	1,747	514,394	16,948	6,035	537,377
Miscellaneous	1,199	—	—	—	—	1,199	—	—	1,199
Office	6,925	4,720	120	9,164	33	20,962	108,497	3,253	132,712
Postage and shipping	—	—	—	16	—	16	3,594	257	3,867
Professional fees	—	—	—	—	—	—	235,100	—	235,100
Program supplies	22,571	50,749	9,769	51,487	472	135,048	—	—	135,048
Service charges	—	—	—	—	—	—	51,558	2,669	54,227
Technology	101,980	26,651	1,382	54,152	1,593	185,758	83,150	42,227	311,135
Training	185	—	2,024	2,045	2,255	6,509	16,321	4,225	27,055
Transportation	10,797	—	3,818	—	122	14,737	329	49	15,115
Utilities	105,193	27,491	1,425	49,921	1,591	185,621	15,429	5,493	206,543
<b>Total Expenses By Function</b>	<b>3,522,176</b>	<b>902,297</b>	<b>339,967</b>	<b>1,233,847</b>	<b>158,099</b>	<b>6,156,386</b>	<b>1,765,953</b>	<b>808,661</b>	<b>8,731,000</b>
Less: Expenses Included Within Revenue On The Consolidated Statement of Activities:									
Fundraising events - costs of direct benefits to donors	—	—	—	—	—	—	—	(270,979)	(270,979)
	<b>\$ 3,522,176</b>	<b>\$ 902,297</b>	<b>\$ 339,967</b>	<b>\$ 1,233,847</b>	<b>\$ 158,099</b>	<b>\$ 6,156,386</b>	<b>\$ 1,765,953</b>	<b>\$ 537,682</b>	<b>\$ 8,460,021</b>



# COCA - CENTER OF CREATIVE ARTS

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

	Program					Total	Management And General	Development And Fundraising Events	Total
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz				
Salaries and wages	\$ 1,039,866	\$ 479,695	\$ 209,716	\$ 570,411	\$ 140,572	\$ 2,440,260	\$ 660,639	\$ 554,242	\$ 3,655,141
Consultants	11,044	1,800	6,110	148,540	4,075	171,569	5,000	—	176,569
Health insurance	21,536	4,638	6,385	9,165	4,304	46,028	12,481	13,694	72,203
Payroll taxes	83,189	39,418	15,795	46,364	11,053	195,819	51,869	40,458	288,146
Advertising and marketing	—	—	—	—	—	—	242,850	2,549	245,399
Artist accommodations and hospitality	3,480	258	—	23,316	—	27,054	—	—	27,054
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
Fundraising events - costs of direct benefits to donors	—	—	—	—	—	302	—	324,924	302
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	197,701	6,473	220,574
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
<b>Total Expenses By Function</b>	<b>3,432,735</b>	<b>821,692</b>	<b>255,075</b>	<b>1,357,083</b>	<b>176,242</b>	<b>6,043,129</b>	<b>1,670,240</b>	<b>1,095,429</b>	<b>8,483,874</b>
Less: Expenses Included Within Revenue On The Consolidated Statement of Activities: Fundraising events - costs of direct benefits to donors	—	—	—	—	—	(302)	—	(324,924)	(302)
	<b>\$ 3,432,735</b>	<b>\$ 821,692</b>	<b>\$ 255,075</b>	<b>\$ 1,357,083</b>	<b>\$ 176,242</b>	<b>\$ 6,042,827</b>	<b>\$ 1,670,240</b>	<b>\$ 770,505</b>	<b>\$ 8,483,572</b>

**COCA - CENTER OF CREATIVE ARTS**

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**CONSOLIDATED STATEMENT OF CASH FLOWS**

	<b>For The Years</b>	
	<b>Ended August 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash Flows From Operating Activities</b>		
Decrease in net assets	\$ (2,748,065)	\$ (3,192,918)
Adjustments to reconcile decrease in net assets to net cash from operating activities:		
Unrealized (gain) loss on investments	(246,862)	1,255,261
Realized gain on investments	(114,833)	(194,057)
Depreciation	1,356,570	1,344,814
Amortization of debt issuance costs	32,352	32,352
Contributions restricted for Create Our Future Campaign	(449,200)	(429,277)
Contributions restricted for endowment	(2,468)	(57,261)
Donated capital expenditures	—	(44,100)
Loss on disposal of property and equipment	—	3,984
Change in allowance for uncollectible promises to give	(152,633)	—
Gain on extinguishment of Paycheck Protection Program loan	—	(568,390)
Changes in assets and liabilities:		
Accounts receivable	(98,978)	281,459
Promises to give	808,277	(328,323)
Prepaid expenses	(38,787)	18,693
Right-of-use asset and lease liability	(10,214)	—
Accounts payable and accrued expenses	(120,559)	140,773
Deferred revenue	(146,265)	(24,050)
<b>Net Cash Used In Operating Activities</b>	<b>(1,931,665)</b>	<b>(1,761,040)</b>
<b>Cash Flows From Investing Activities</b>		
Purchases of investments	(387,499)	(579,276)
Proceeds from sale of investments	555,053	663,065
Capital expenditures	(146,132)	(216,066)
<b>Net Cash Provided By (Used In) Investing Activities</b>	<b>21,422</b>	<b>(132,277)</b>
<b>Cash Flows From Financing Activities</b>		
Payments on long-term debt	(60,256)	(50,135)
Payment on line-of-credit agreement	(650,000)	(1,395,425)
Proceeds received from contributions restricted for endowment	2,468	62,770
Proceeds received from contributions restricted for Create Our Future Campaign	1,193,383	1,799,132
<b>Net Cash Provided By Financing Activities</b>	<b>485,595</b>	<b>416,342</b>
<b>Net Decrease In Cash And Cash Equivalents</b>	<b>(1,424,648)</b>	<b>(1,476,975)</b>
<b>Cash, Cash Equivalents And Restricted Cash - Beginning Of Year</b>	<b>3,462,927</b>	<b>4,939,902</b>
<b>Cash, Cash Equivalents And Restricted Cash - End Of Year</b>	<b>\$ 2,038,279</b>	<b>\$ 3,462,927</b>
<b>Cash, Cash Equivalents And Restricted Cash Are Included Within The Following Captions On The Consolidated Statement of Financial Position</b>		
Cash and cash equivalents	\$ 1,437,682	\$ 2,742,126
Cash and cash equivalents - Board designated reserve	346,365	427,107
Restricted cash	254,232	293,694
	<b>\$ 2,038,279</b>	<b>\$ 3,462,927</b>
<b>Supplemental Disclosure Of Cash Flow Information</b>		
Interest paid	\$ 530,203	\$ 420,689

# COCA - CENTER OF CREATIVE ARTS

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## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

August 31, 2023 And 2022

### 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 as well as 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**

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### 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, 2023 was approximately \$1,429,000.

#### **Restricted Cash**

At August 31, 2023, restricted cash consists of an IFF CDE Reserve and NCIF CDE Reserve with balances of \$127,486 and \$96,133, respectively. At August 31, 2022, the balances of the IFF CDE Reserve and NCIF CDE Reserve were \$161,936 and \$131,758, respectively. These reserves serve as collateral for COCA's long-term debt.

#### **Accounts Receivable**

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

#### **Promises To Give**

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

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

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

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

**Note And Interest Receivable**

Note and interest receivable is stated at the amount management expects to collect from balances outstanding at year end. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of the note. Management's periodic evaluation of the adequacy of the allowance is based on the note's past performance, known and other inherent risks, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral, and current economic conditions. Balances still outstanding after management has used reasonable collection efforts will be written off through a charge to the valuation allowance and a credit to note and interest receivable. Based on management's assessment of its credit history and current relationship with the borrower, management does not believe an allowance is necessary as of August 31, 2023 or 2022.

**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 2023 or 2022.

### Leases

On September 1, 2022, COCA utilized the modified retrospective approach to adopt the provisions of Accounting Standards Codification (ASC) Topic 842, *Leases*, which includes a number of optional practical expedients that entities may elect to apply. COCA has elected certain practical expedients, including the use of hindsight in determining the lease term at transition and in assessing impairment of an entity's right-of-use (ROU) assets and the package of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification and initial direct costs. COCA has also elected the practical expedient not to assess whether existing leases that were not previously accounted for as leases under ASC Topic 840 are or contain a lease under ASC 842. The initial adoption of ASC 842 did not result in a cumulative adjustment to net assets. Results for 2023 are presented under ASC 842, while the prior period consolidated financial statements have not been adjusted and continue to be presented under ASC 840, the accounting standard in effect at that time.

As further described in Note 13, COCA maintains a lease of a portion of a parking garage. Lease right-of-use (ROU) assets and lease liabilities are recognized based on the present value of the future minimum lease payments over the lease term at commencement date. The ROU asset represents the lease liability, plus any lease payments made at or before the commencement date, less any lease incentives received. COCA's lease has a term of approximately 44 years. COCA does not record ROU assets or lease liabilities for leases with an initial expected lease term of 12 months or less. For operating leases, lease expense for minimum lease payments is recognized on a straight-line basis over the term of the lease.

The lease terms utilized in determining ROU assets and lease liabilities include the noncancellable portion of the underlying leases along with renewal periods, only if it is reasonably certain that the option will be exercised. When determining if a renewal option is reasonably certain of being exercised, the factors considered, include but are not limited to, the cost of moving to another location, the cost of disruption of operations, the purpose or location of the lease asset and the terms associated with extending the lease. The parking garage lease has an additional renewal option of an additional 17 years; however, COCA has not included the renewal period in the term when determining the ROU asset and lease liability as management is not reasonably certain if such renewal will be exercised. Accordingly, only the initial term is included in the lease term when calculating the ROU asset and lease liability. COCA has not included any termination penalties in its lease payments, nor shortened any lease terms related to options to terminate a lease.

## COCA - CENTER OF CREATIVE ARTS

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

Additionally, certain leases contain incentives, such as rent abatements subsequent to taking possession of the leased property and tenant improvement allowances. These incentives reduce the ROU asset related to the lease and are amortized as reductions of expense over the lease term. COCA's lease does not contain any residual value guarantees or material restrictive covenants.

As most leases do not provide an implicit discount rate, COCA has made an election available to private companies that allows the use of the risk-free rate at the lease commencement date to determine the present value of the lease payments.

COCA's operating leases may contain fixed rent escalations over the lease term, and COCA recognizes expense for these leases on a straight-line basis over the lease term of the respective ROU asset. COCA recognizes the related lease expense on a straight-line basis and records the difference between the recognized lease expense and amounts payable under the lease as part of the ROU asset.

COCA does not separate non-lease components of a contract from the lease components to which they relate for all classes of lease assets.

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 from this operating lease 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, 2022 and August 31, 2023 were \$1,723,964 and \$1,662,210, 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, 2021 and August 31, 2022 were \$1,785,716 and \$1,723,964, respectively. Approximately \$62,000 of rental revenue is expected to be recognized annually over the term of the lease.



## COCA - CENTER OF CREATIVE ARTS

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

#### **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.

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 recorded 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 \$144,917 and \$112,565 at August 31, 2023 and 2022, 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.

## COCA - CENTER OF CREATIVE ARTS

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

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>2023</u>	<u>2022</u>
Donated capital expenditures	\$ —	\$ 44,100
<u>Donated goods</u>	<u>27,835</u>	<u>24,960</u>
	<u>\$ 27,835</u>	<u>\$ 69,060</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.

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 (165 and 341 in 2023 and 2022, respectively) have also donated a significant amount of their time (1,883 and 1,588 hours in 2023 and 2022, 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 - CENTER OF CREATIVE ARTS

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

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.

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, 2022 and August 31, 2023 were \$260,025 and \$175,584, respectively. The opening and closing balances in deferred revenue related to tuition at September 1, 2021 and August 31, 2022 were \$221,852 and \$260,025, 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

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### 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>2023</u>	<u>2022</u>
Revenue recognized over time	\$ 2,356,023	\$ 2,125,871
Revenue recognized at a point in time	156,403	130,020
<u>Total program revenues and miscellaneous</u>	<u>\$ 2,512,426</u>	<u>\$ 2,255,891</u>

### **Employee Retention Credit**

The CARES Act provided an employee retention credit which was a refundable tax credit against certain employment taxes of up to \$5,000 per employee for eligible employers. The credit was 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 applied only after December 31, 2020. This new legislation amended 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 could be counted in determining the 70% credit. Therefore, the maximum tax credit that could be claimed by an eligible employer in 2021 was \$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**

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### 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, 2023 and 2022, \$988,119 remained outstanding and is included in accounts receivable on the consolidated statement of financial position.

#### **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.

##### **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.

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

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

#### **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.

#### **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 \$184,898 and \$245,399 for 2023 and 2022, 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.

## COCA - CENTER OF CREATIVE ARTS

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

#### Reclassifications

Certain 2022 balances have been reclassified, where appropriate, to conform to the 2023 consolidated financial statement presentation.

#### 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.

### 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:

	2023			
	Operating	Create Our Future Campaign	Endowment	Total
Less than one year	\$ 433,678	\$ 459,452	\$ 500	\$ 893,630
One - five years	341,740	3,180,500	—	3,522,240
	<u>775,418</u>	<u>3,639,952</u>	<u>500</u>	<u>4,415,870</u>
Less: Discount to record at present value	20,300	263,000	—	283,300
Less: Allowance for doubtful promises to give	35,402	134,065	—	169,467
	<u>\$ 719,716</u>	<u>\$ 3,242,887</u>	<u>\$ 500</u>	<u>\$ 3,963,103</u>

## COCA - CENTER OF CREATIVE ARTS

### Notes To Consolidated Financial Statements (Continued)

	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
	1,606,895	4,468,835	500	6,076,230
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
	\$ 1,524,045	\$ 3,838,385	\$ 500	\$ 5,362,930

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

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

	2023	2022
Promises to give	\$ 3,962,603	\$ 5,362,430
Assets restricted/designated for endowment	500	500
	\$ 3,963,103	\$ 5,362,930

As of August 31, 2022, COCA had donor commitments to be paid from donor-advised funds and community foundations totaling approximately \$21,500. As these donors did not have sole discretion over the distributions of the funds in these accounts, COCA had not recognized these commitments. Contribution revenue was recognized when the distributions are received.

#### 4. Prepaid Expenses

Prepaid expenses consist of:

	2023	2022
Prepaid insurance	\$ 23,488	\$ 14,160
Prepaid program expenses	24,175	15,735
Other	21,553	534
	\$ 69,216	\$ 30,429



## COCA - CENTER OF CREATIVE ARTS

Notes To Consolidated Financial Statements (*Continued*)

### 5. Note And Interest Receivable

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

At August 31, 2023 and 2022, principal of \$10,481,400 and accrued interest of \$17,469 was outstanding.

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

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

	2023		2022	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	\$ 177,486	\$ 177,486	\$ 158,089	\$ 158,089
Fixed income mutual funds				
Global high yield	52,125	44,415	52,125	44,958
International developed	194,835	175,745	194,835	178,720
Investment grade taxable	1,389,542	1,243,877	1,236,950	1,128,552
Hedge funds				
Market neutral	141,342	159,743	141,342	159,554
Long/short equity	117,725	146,919	117,725	141,854
Nontraditional bond	65,000	62,271	65,000	63,095
Equity mutual funds				
U.S. large cap	1,216,781	1,921,754	1,265,078	1,804,902
U.S. mid cap	449,268	657,761	488,119	684,066
U.S. small cap	397,369	524,617	434,931	555,075
International developed	489,073	600,336	489,073	514,587
Emerging markets	156,218	158,272	156,218	156,815
Tangible assets mutual funds				
Commodities	—	—	100,000	88,788
	\$ 4,846,764	\$ 5,873,196	\$ 4,899,485	\$ 5,679,055

## COCA - CENTER OF CREATIVE ARTS

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

At August 31, 2023 and 2022, assets restricted and/or designated for endowment also include promises to give in the amount of \$500.

Investment income (loss) is comprised of:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 186,959	\$ 188,931
Unrealized gain (loss) on investments	246,862	(1,255,261)
Realized gain on investments	114,833	194,057
	<u>\$ 548,654</u>	<u>\$ (872,273)</u>

Interest and dividends were reported net of fees. Investment fees totaled \$32,994 and \$34,372 in 2023 and 2022, respectively.

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

	<u>2023</u>	<u>2022</u>
Investment income appropriated for current operations	\$ 260,000	\$ 229,999
Investment income (loss) in excess of amount appropriated for current operations	288,654	(1,102,272)
	<u>\$ 548,654</u>	<u>\$ (872,273)</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;

## COCA - CENTER OF CREATIVE ARTS

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

- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

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

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

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

During 2023 and 2022, there were no changes in the methods and/or assumptions utilized to derive the fair values of COCA's assets.

## COCA - CENTER OF CREATIVE ARTS

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Notes To Consolidated Financial Statements (*Continued*)

### 7. Property And Equipment

Property and equipment consist of:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,045,917	\$ 1,045,917
Buildings and building improvements	34,272,337	34,128,622
Courtyard improvements and landscaping	83,240	83,240
Furniture and fixtures	3,091,752	3,023,919
Vehicles	81,503	81,503
Construction in progress	48,954	114,370
	<u>38,623,703</u>	<u>38,477,571</u>
Less: Accumulated depreciation	<u>7,224,555</u>	<u>5,867,985</u>
	<u>\$ 31,399,148</u>	<u>\$ 32,609,586</u>

Capitalized interest in the amount of \$470,614 is included in building and building improvements at August 31, 2023 and 2022, 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, 2023 and 2022, the outstanding balance on the line of credit was \$3,606,494 and \$4,256,494, respectively. During 2023 and 2022, interest incurred and expensed on this line of credit amounted to \$226,879 and \$123,633, respectively. At August 31, 2023 and 2022, \$16,029 and \$16,029, 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, but was extended through July 1, 2024, and is payable on demand. Interest-only payments are required at the LIBOR rate. There was no outstanding balance on the line of credit at August 31, 2023 or 2022.

**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, 2023 and 2022, the IFF CDE Reserve had a balance of \$105,691 and \$161,936, 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, 2023 and 2022, principal of \$3,703,428 and \$1,543,572, respectively, was outstanding on these loans. Interest incurred on these loans during 2023 and 2022 amounted to \$61,809. \$1,690 and \$10,302 remained outstanding at August 31, 2023 and 2022, respectively, which is included in accounts payable and accrued expenses on the consolidated statement of financial position.

## COCA - CENTER OF CREATIVE ARTS

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

- Two loans in the amounts of \$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, 2023 and 2022, principal of \$2,795,040 and \$1,164,960, respectively, was outstanding on these loans. Interest incurred on these loans during 2023 and 2022 amounted to \$46,650. \$7,776 remained outstanding at August 31, 2023 and 2022, 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, 2023 and 2022, the NCIF CDE Reserve had a balance of \$96,133 and \$131,758, respectively. Both loans bear interest at 1.178% per annum with quarterly interest payments due. Commencing December 1, 2025, quarterly principal and interest payments on the two loans of \$49,161 and \$19,083, respectively, shall be due, with final principal and interest payments due upon the loans' maturity on December 5, 2048. The loans may not be prepaid in whole or in part at any time prior to December 5, 2025. At both August 31, 2023 and 2022, principal of \$3,982,932 and \$1,546,068, respectively, was outstanding on these loans. Interest incurred on these loans during 2023 and 2022 amounted to \$65,136. \$10,854 remained outstanding on August 31, 2022, which is included in accounts payable and accrued expenses on the consolidated statement of financial position. No amount remained outstanding at August 31, 2023.

## COCA - CENTER OF CREATIVE ARTS

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

In addition to the financing provided by the sub-CDEs, Legacy Bank also issued a \$2,000,000 loan to the QALICB. This loan 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 \$1,847,153 and \$1,907,409 was outstanding on this loan at August 31, 2023 and 2022, respectively. Interest incurred on this loan during 2023 and 2022 amounted to \$104,551 and \$124,908, respectively. \$8,749 and \$9,034 remained outstanding at August 31, 2023 and 2022, respectively, and is included in accounts payable and accrued expenses on the consolidated statement of financial position.

Future required principal payments are as follows:

<u>Year</u>	<u>Amount</u>
2024	\$ 63,409
2025	67,321
2026	5,739,667
2027	561,417
2028	568,060
Thereafter	13,189,773
	<u>\$ 20,189,647</u>

## 10. Paycheck Protection Program Loans

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 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:

	2023			2022		
	Time And Purpose Restrictions	Perpetual In Nature	Total	Time And Purpose Restrictions	Perpetual In Nature	Total
Transformational leadership fund	\$ 291,944	\$ —	\$ 291,944	\$ 219,638	\$ —	\$ 219,638
COCAbiz	—	—	—	50,000	—	50,000
COCAedu	127,694	—	127,694	112,389	—	112,389
Productions and exhibits	85,000	—	85,000	285,000	—	285,000
On-site	—	—	—	34,837	—	34,837
General operations/Leadership Circle	203,114	—	203,114	821,520	—	921,520
Pre-professional support services	13,890	—	13,890	63,890	—	63,890
	<u>721,642</u>	<u>—</u>	<u>721,642</u>	<u>1,587,274</u>	<u>—</u>	<u>1,587,274</u>
Donor-restricted endowment funds:						
COCA endowment	206,000	420,000	626,000	186,223	420,000	606,223
Dorothy Pearlstein Dubinsky Garden endowment	13,768	25,000	38,768	12,544	25,000	37,544
Ferring Family Faculty endowment	3,726	6,765	10,491	3,394	6,765	10,159
Grant Foundation endowment	5,507	10,000	15,507	5,018	10,000	15,018
Hillman Fund for Innovation	35,997	263,150	299,147	26,547	263,150	289,697
Janet and Bernard Becker Fund for Outreach	451,484	1,060,383	1,511,867	403,724	1,060,383	1,464,107
Kathryn D. Cramer scholarship endowment	1,953	75,244	77,197	(485)	75,244	74,759
Peter Witte endowment	49,658	109,017	158,675	44,735	106,549	151,284
Productions and exhibits endowment	27,537	50,000	77,537	25,088	50,000	75,088
Riven Family endowment	21,569	59,000	80,569	19,024	59,000	78,024
Rosalyn and Manny Rosenthal endowment	55,074	100,000	155,074	50,176	100,000	150,176
Scholarships and outreach endowment	65,457	149,387	214,844	58,671	149,387	208,058
William Randolph Hearst outreach endowment	194,341	300,000	494,341	176,029	300,000	476,029
Pam Mandelker endowment	(6,832)	53,500	46,668	(8,291)	53,500	45,209
Wilma Messing scholarship endowment	123,614	224,450	348,064	112,619	224,450	337,069
	<u>1,248,853</u>	<u>2,905,896</u>	<u>4,154,749</u>	<u>1,115,016</u>	<u>2,903,428</u>	<u>4,018,444</u>
	<u>\$ 1,970,495</u>	<u>\$ 2,905,896</u>	<u>\$ 4,876,391</u>	<u>\$ 2,702,290</u>	<u>\$ 2,903,428</u>	<u>\$ 5,605,718</u>

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

	2023	2022
COCAbiz	\$ 95,000	\$ 57,000
COCAedu	376,183	196,701
Productions and exhibits	262,500	376,954
Fundraising events	—	9,795
On-site	169,837	27,500
General operations/Leadership Circle	1,727,219	1,492,955
Pre-professional support services	224,569	284,686
Camps	38,000	53,000
	<u>\$ 2,893,308</u>	<u>\$ 2,498,591</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;
- f) Other resources of COCA; and
- g) The investment policies of COCA.

## COCA - CENTER OF CREATIVE ARTS

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

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 one donor-restricted endowment fund, which had original gift values of \$53,500, a current fair value of \$46,668, and a deficiency of \$6,832 as of August 31, 2023. 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. 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, 2023 and 2022, COCA had the following endowment funds:

	2023				Total
	Without Donor Restrictions	With Donor Restrictions Unappropriated Endowment Earnings	Investments In Perpetuity		
Donor-restricted endowment funds	\$ —	\$ 1,248,853	\$ 2,905,396	\$ 4,154,249	
Board-designated endowment funds	1,718,947	—	—	1,718,947	
	<u>\$ 1,718,947</u>	<u>\$ 1,248,853</u>	<u>\$ 2,905,396</u>	<u>\$ 5,873,196</u>	

	2022				Total
	Without Donor Restrictions	With 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>	

## COCA - CENTER OF CREATIVE ARTS

### Notes To Consolidated Financial Statements (Continued)

Changes in these endowment funds for the years ended August 31, 2023 and 2022 are as follows:

	Without Donor Restrictions	With Donor Restrictions		Total
		Unappropriated Endowment Earnings	Investments In Perpetuity	
Balance - September 1, 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
Net investment income and investment gains	136,791	314,882	—	451,673
Proceeds from contributions restricted for endowment	—	—	2,468	2,468
Appropriation of endowment assets for expenditure	(78,955)	(181,045)	—	(260,000)
Balance - August 31, 2023	\$ 1,718,947	\$ 1,248,853	\$ 2,905,396	\$ 5,873,196

### 13. Leases

#### 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 were 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 was 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 were to continue through June 1, 2049. On April 6, 2023, this lease was amended, retrospectively to July 1, 2022. This amendment extended the initial period through June 30, 2062, allowed for the exercise of an additional 17 years option period at the conclusion of the initial period and modified the monthly base rent to \$24,681.

## COCA - CENTER OF CREATIVE ARTS

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

In addition to the base rent, COCA will pay additional rent equal to its pro rata share of the operating expenses of the garage. These costs amounted to approximately \$30,000 during the year ended August 31, 2023.

COCA had operating lease costs of \$285,965 for the year ended August 31, 2023, which are included in building occupancy expense on the consolidated statements of functional expenses. The lease has a remaining term of 38.83 years and the risk-free rate utilized to calculate the present value of the lease payments had been 3.37%.

The reconciliation of the undiscounted cash flows for each of the next five years and total remaining years of the lease liabilities recorded on the consolidated statement of financial position is as follows:

<u>Year</u>	<u>Operating Lease</u>
2024	\$ 296,178
2025	296,178
2026	296,178
2027	296,178
2028	296,178
Thereafter	10,020,685
Total minimum lease payments	11,501,575
Less: Amount of lease payments representing interest	5,091,755
Present value of future minimum lease payments	6,409,820
Less: Current portion	296,178
<u>Long-term lease liabilities</u>	<u>\$ 6,113,642</u>

On September 1, 2022, COCA adopted the new lease standard using a modified-retrospective approach by recognizing and measuring leases at the adopting date with a cumulative effect of initially applying the guidance recognized at the date of initial application and did not restate the prior periods presented in the consolidated financial statements. Accordingly, the following information is presented for the year ended August 31, 2022 under ASC Topic 840.

For the year ended August 31, 2022, rent expense recognized under the lease totaled \$421,343 and was included in building occupancy expense on the consolidated statements of functional expenses.

## COCA - CENTER OF CREATIVE ARTS

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

At August 31, 2022, minimum future lease payments for each of the next five years and in the aggregate thereafter were 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, resulting in expected annual lease income to be recognized of approximately \$62,000. 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, 2023 and 2022, \$1,662,210 and \$1,723,964, 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, 2023, approximately 13% of total support was from one donor. In addition, at August 31, 2023, approximately 66% of gross promises to give were from one donor.



## COCA - CENTER OF CREATIVE ARTS

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### Notes To Consolidated Financial Statements (Continued)

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.

#### 16. Related Party Transactions

Companies affiliated with members of COCA's Board of Directors were paid approximately \$726,000 and \$601,000 during the years ended August 31, 2023 and 2022, respectively, for legal services, catering for special events, utilities, lease payments and interest on long-term debt.

#### 17. Liquidity And Availability Of Resources

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

	<u>2023</u>	<u>2022</u>
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 1,784,047	\$ 3,169,233
Restricted cash	254,232	293,694
Accounts receivable	1,133,684	1,034,706
Promises to give	3,962,603	5,362,430
Investments	5,873,696	5,679,555
<b>Total Financial Assets</b>	<b>13,008,262</b>	<b>15,539,618</b>
<b>Less Amounts Not Available To Be Used For General Expenditures Within One Year</b>		
Amounts designated by the Board	5,733,479	5,926,603
Amounts with contractual restrictions	254,232	293,694
Time and purpose donor restrictions	1,370,454	1,198,289
Amounts restricted for endowment	2,905,896	2,903,428
<b>Total Amounts Not Available To Be Used For General Expenditures Within One Year</b>	<b>10,264,061</b>	<b>10,322,014</b>
	<b>\$ 2,744,201</b>	<b>\$ 5,217,604</b>

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, 2023 and 2022, and our report thereon dated March 6, 2024, 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. COCA has not implemented Accounting Standards Codification (ASC) Topic 842, *Leases*, for related party leases contracted between / among the consolidated entities. The lack of implementation of ASC 842 for leases between / among the consolidated entities does not affect the consolidated financial statements as a whole. The supplementary 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 6, 2024

# COCA - CENTER OF CREATIVE ARTS

## CONSOLIDATING STATEMENT OF FINANCIAL POSITION

August 31, 2023

Assets					
	COCA	QALICB	Leverage Lender	Eliminations	Total
Cash and cash equivalents	\$ 1,418,533	\$ 19,149	\$ —	\$ —	\$ 1,437,682
Cash and cash equivalents - Board-designated reserve	346,365	—	—	—	346,365
Restricted cash	—	201,824	52,408	—	254,232
Accounts receivable	1,133,684	1,092,779	—	(1,092,779)	1,133,684
Promises to give, net	3,962,603	—	—	—	3,962,603
Prepaid expenses	69,216	—	—	—	69,216
Note and interest receivable	—	—	10,498,869	—	10,498,869
Property and equipment	3,121,911	28,518,681	—	(241,444)	31,399,148
Right-of-use asset	6,013,208	—	—	—	6,013,208
Assets restricted and/or designated for endowment	5,873,696	—	—	—	5,873,696
<b>Total Assets</b>	<b>\$ 21,939,216</b>	<b>\$ 29,832,433</b>	<b>\$ 10,551,277</b>	<b>\$ (1,334,223)</b>	<b>\$ 60,988,703</b>
Liabilities And Net Assets					
<b>Liabilities</b>					
Long-term debt	\$ 3,606,494	\$ 16,583,153	\$ —	\$ —	\$ 20,189,647
Less: Unamortized debt issuance costs	—	(460,337)	—	—	(460,337)
Long-term debt less unamortized debt issuance costs	3,606,494	16,122,816	—	—	19,729,310
Accounts payable and accrued expenses	1,400,602	12,788	—	(1,092,779)	320,611
Deferred revenue	1,837,794	—	—	—	1,837,794
Lease liability	6,409,820	—	—	—	6,409,820
<b>Total Liabilities</b>	<b>13,254,710</b>	<b>16,135,604</b>	<b>—</b>	<b>(1,092,779)</b>	<b>28,297,535</b>
<b>Net Assets</b>					
Without Donor Restrictions					
Undesignated	(1,044,169)	1,300,964	52,408	—	309,203
Board-designated endowment	1,718,947	—	—	—	1,718,947
Board-designated capital building reserve	346,365	—	—	—	346,365
Board-designated debt service reserve	3,668,167	—	—	—	3,668,167
Investment in note and interest receivable	—	—	10,498,869	—	10,498,869
Investment in property and equipment	(881,195)	12,395,865	—	(241,444)	11,273,226
<b>Total Without Donor Restrictions</b>	<b>3,808,115</b>	<b>13,696,829</b>	<b>10,551,277</b>	<b>(241,444)</b>	<b>27,814,777</b>
With Donor Restrictions	4,876,391	—	—	—	4,876,391
<b>Total Net Assets</b>	<b>8,684,506</b>	<b>13,696,829</b>	<b>10,551,277</b>	<b>(241,444)</b>	<b>32,691,168</b>
<b>Total Liabilities And Net Assets</b>	<b>\$ 21,939,216</b>	<b>\$ 29,832,433</b>	<b>\$ 10,551,277</b>	<b>\$ (1,334,223)</b>	<b>\$ 60,988,703</b>

# 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	
<b>Total Assets</b>	<b>\$ 18,522,885</b>	<b>\$ 30,681,875</b>	<b>\$ 10,498,869</b>	<b>\$ (1,025,127)</b>	<b>\$ 58,678,502</b>	

### 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	
<b>Total Liabilities</b>	<b>7,834,266</b>	<b>16,188,686</b>	<b>—</b>	<b>(783,683)</b>	<b>23,239,269</b>	

#### 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
<b>Total Without Donor Restrictions</b>	<b>5,082,901</b>	<b>14,493,189</b>	<b>10,498,869</b>	<b>(241,444)</b>	<b>29,833,515</b>
With Donor Restrictions	5,605,718	—	—	—	5,605,718
<b>Total Net Assets</b>	<b>10,688,619</b>	<b>14,493,189</b>	<b>10,498,869</b>	<b>(241,444)</b>	<b>35,439,233</b>

<b>Total Liabilities And Net Assets</b>	<b>\$ 18,522,885</b>	<b>\$ 30,681,875</b>	<b>\$ 10,498,869</b>	<b>\$ (1,025,127)</b>	<b>\$ 58,678,502</b>	
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**COCA - CENTER OF CREATIVE ARTS**  
**CONSOLIDATING STATEMENT OF ACTIVITIES**  
**For The Year Ended August 31, 2023**

	COCA			QALICB	Leverage Lender	Eliminations	Total
	Without Donor Restrictions	With Donor Restrictions	Total				
<b>Support</b>							
Contributions and grants - operations	\$ 18,036	\$ 1,409,261	\$ 1,427,297	\$ —	\$ —	\$ —	\$ 1,427,297
Contributions and grants - Create Our Future Campaign	—	364,500	364,500	—	—	—	364,500
Neighborhood Assistance Program contributions	—	12,069	12,069	—	—	—	12,069
Adjustment to discount on long-term promises to give	84,700	23,200	107,900	—	—	—	107,900
<b>Total contributions and grants</b>	<b>102,736</b>	<b>1,809,030</b>	<b>1,911,766</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,911,766</b>
Fundraising event revenue	612,455	217,166	829,621	—	—	—	829,621
Fundraising event revenue - donated goods and services	27,835	—	27,835	—	—	—	27,835
Costs of direct benefits to donors	(270,979)	—	(270,979)	—	—	—	(270,979)
<b>Net revenues from fundraising events</b>	<b>369,311</b>	<b>217,166</b>	<b>586,477</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>586,477</b>
<b>Total Support</b>	<b>472,047</b>	<b>2,026,196</b>	<b>2,498,243</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,498,243</b>
<b>Revenue</b>							
Program revenues:							
Education	1,036,713	—	1,036,713	—	—	—	1,036,713
Camps	966,779	—	966,779	—	—	—	966,779
COCAedu	171,395	—	171,395	—	—	—	171,395
Productions and exhibits	152,517	—	152,517	—	—	—	152,517
COCAbiz	78,460	—	78,460	—	—	—	78,460
Investment income appropriated for current operations	78,955	181,045	260,000	—	—	—	260,000
Miscellaneous	106,562	—	106,562	309,096	—	(309,096)	106,562
<b>Total Revenue</b>	<b>2,591,381</b>	<b>181,045</b>	<b>2,772,426</b>	<b>309,096</b>	<b>—</b>	<b>(309,096)</b>	<b>2,772,426</b>
<b>Net Assets Released From Restrictions</b>	<b>2,893,308</b>	<b>(2,893,308)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Appropriation Of Endowment Investment Earnings</b>	<b>181,045</b>	<b>(181,045)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Support And Revenue</b>	<b>6,137,781</b>	<b>(867,112)</b>	<b>5,270,669</b>	<b>309,096</b>	<b>—</b>	<b>(309,096)</b>	<b>5,270,669</b>
<b>Expenses And Losses (Recoveries)</b>							
Program:							
Education	2,522,650	—	2,522,650	1,308,622	—	(309,096)	3,522,176
Camps	902,297	—	902,297	—	—	—	902,297
COCAedu	339,967	—	339,967	—	—	—	339,967
Productions and exhibits	1,233,847	—	1,233,847	—	—	—	1,233,847
COCAbiz	158,099	—	158,099	—	—	—	158,099
<b>Total Program Expenses</b>	<b>5,156,860</b>	<b>—</b>	<b>5,156,860</b>	<b>1,308,622</b>	<b>—</b>	<b>(309,096)</b>	<b>6,156,386</b>
Management and general	1,751,620	—	1,751,620	14,333	—	—	1,765,953
Development and fundraising events	537,682	—	537,682	—	—	—	537,682
<b>Total Expenses</b>	<b>7,446,162</b>	<b>—</b>	<b>7,446,162</b>	<b>1,322,955</b>	<b>—</b>	<b>(309,096)</b>	<b>8,460,021</b>
Recovery of previously uncollectible promises to give	(148,685)	(3,948)	(152,633)	—	—	—	(152,633)
<b>Total Expenses And Losses (Recoveries)</b>	<b>7,297,477</b>	<b>(3,948)</b>	<b>7,293,529</b>	<b>1,322,955</b>	<b>—</b>	<b>(309,096)</b>	<b>8,307,388</b>
<b>Decrease In Net Assets From Operations</b>	<b>(1,159,696)</b>	<b>(863,164)</b>	<b>(2,022,860)</b>	<b>(1,013,859)</b>	<b>—</b>	<b>—</b>	<b>(3,036,719)</b>
<b>Other Gains and Income</b>							
Investment income in excess of amount appropriated for current operations	50,002	133,837	183,839	—	104,815	—	288,654
<b>Total Other Gains And Income</b>	<b>50,002</b>	<b>133,837</b>	<b>183,839</b>	<b>—</b>	<b>104,815</b>	<b>—</b>	<b>288,654</b>
<b>Increase (Decrease) In Net Assets Before Transfers</b>	<b>(1,109,694)</b>	<b>(729,327)</b>	<b>(1,839,021)</b>	<b>(1,013,859)</b>	<b>104,815</b>	<b>—</b>	<b>(2,748,065)</b>
<b>Transfers Between Entities</b>	<b>(165,092)</b>	<b>—</b>	<b>(165,092)</b>	<b>217,499</b>	<b>(52,407)</b>	<b>—</b>	<b>—</b>
<b>Increase (Decrease) In Net Assets</b>	<b>(1,274,786)</b>	<b>(729,327)</b>	<b>(2,004,113)</b>	<b>(796,360)</b>	<b>52,408</b>	<b>—</b>	<b>(2,748,065)</b>
<b>Net Assets - Beginning Of Year</b>	<b>5,082,901</b>	<b>5,605,718</b>	<b>10,688,619</b>	<b>14,493,189</b>	<b>10,498,869</b>	<b>(241,444)</b>	<b>35,439,233</b>
<b>Net Assets - End Of Year</b>	<b>\$ 3,808,115</b>	<b>\$ 4,876,391</b>	<b>\$ 8,684,506</b>	<b>\$ 13,696,829</b>	<b>\$ 10,551,277</b>	<b>\$ (241,444)</b>	<b>\$ 32,691,168</b>

**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				
<b>Support</b>							
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
<b>Total contributions and grants</b>	<b>317,138</b>	<b>2,594,286</b>	<b>2,911,424</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>2,911,424</b>
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)
<b>Net revenues from fundraising events</b>	<b>417,427</b>	<b>9,795</b>	<b>427,222</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>427,222</b>
<b>Total Support</b>	<b>734,565</b>	<b>2,604,081</b>	<b>3,338,646</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>3,338,646</b>
<b>Revenue</b>							
Program revenues:							
Education (net of \$147,286 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
<b>Total Revenue</b>	<b>2,323,472</b>	<b>162,418</b>	<b>2,485,890</b>	<b>309,096</b>	<b>—</b>	<b>(309,096)</b>	<b>2,485,890</b>
<b>Net Assets Released From Restrictions</b>	<b>2,498,591</b>	<b>(2,498,591)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Appropriation Of Endowment Investment Earnings</b>	<b>162,418</b>	<b>(162,418)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Support And Revenue</b>	<b>5,719,046</b>	<b>105,490</b>	<b>5,824,536</b>	<b>309,096</b>	<b>—</b>	<b>(309,096)</b>	<b>5,824,536</b>
<b>Expenses And Losses</b>							
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
<b>Total Program Expenses</b>	<b>5,022,947</b>	<b>—</b>	<b>5,022,947</b>	<b>1,328,976</b>	<b>—</b>	<b>(309,096)</b>	<b>6,042,827</b>
Management and general	1,632,389	—	1,632,389	37,851	—	—	1,670,240
Development and fundraising events	770,505	—	770,505	—	—	—	770,505
<b>Total Expenses</b>	<b>7,425,841</b>	<b>—</b>	<b>7,425,841</b>	<b>1,366,827</b>	<b>—</b>	<b>(309,096)</b>	<b>8,483,572</b>
Loss on uncollectible promises to give	4,450	(4,450)	—	—	—	—	—
<b>Total Expenses And Losses</b>	<b>7,430,291</b>	<b>(4,450)</b>	<b>7,425,841</b>	<b>1,366,827</b>	<b>—</b>	<b>(309,096)</b>	<b>8,483,572</b>
<b>Increase (Decrease) In Net Assets From Operations</b>	<b>(1,711,245)</b>	<b>109,940</b>	<b>(1,601,305)</b>	<b>(1,057,731)</b>	<b>—</b>	<b>—</b>	<b>(2,659,036)</b>
<b>Other Gains (Losses) and Income</b>							
Investment 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
<b>Total Other Gains (Losses) And Income</b>	<b>211,890</b>	<b>(850,586)</b>	<b>(638,696)</b>	<b>—</b>	<b>104,814</b>	<b>—</b>	<b>(533,882)</b>
<b>Increase (Decrease) In Net Assets Before Transfers</b>	<b>(1,499,355)</b>	<b>(740,646)</b>	<b>(2,240,001)</b>	<b>(1,057,731)</b>	<b>104,814</b>	<b>—</b>	<b>(3,192,918)</b>
<b>Transfers Between Entities</b>	<b>(198,037)</b>	<b>—</b>	<b>(198,037)</b>	<b>302,851</b>	<b>(104,814)</b>	<b>—</b>	<b>—</b>
<b>Decrease In Net Assets</b>	<b>(1,697,392)</b>	<b>(740,646)</b>	<b>(2,438,038)</b>	<b>(754,880)</b>	<b>—</b>	<b>—</b>	<b>(3,192,918)</b>
<b>Net Assets - Beginning Of Year</b>	<b>6,780,293</b>	<b>6,346,364</b>	<b>13,126,657</b>	<b>15,248,069</b>	<b>10,498,869</b>	<b>(241,444)</b>	<b>38,632,151</b>
<b>Net Assets - End Of Year</b>	<b>\$ 5,082,901</b>	<b>\$ 5,605,718</b>	<b>\$ 10,688,619</b>	<b>\$ 14,493,189</b>	<b>\$ 10,498,869</b>	<b>\$ (241,444)</b>	<b>\$ 35,439,233</b>

# COCA - CENTER OF CREATIVE ARTS

## SCHEDULE OF FUNCTIONAL EXPENSES - COCA For The Year Ended August 31, 2023

	Program						Total	Management And General	Development And Fundraising Events	Total
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Total				
Salaries and wages	\$ 1,095,269	\$ 530,323	\$ 252,481	\$ 558,865	\$ 121,992	\$ 2,558,930	\$ 859,612	\$ 334,147	\$ 3,752,689	
Consultants	18,083	16,300	8,570	70,302	450	113,705	20,127	11,413	145,245	
Health insurance	18,663	3,772	29,928	6,195	8,364	66,922	8,573	8,629	84,124	
Payroll taxes	88,181	44,599	20,326	44,890	9,699	207,695	70,085	26,245	304,025	
Advertising and marketing	—	—	—	—	—	—	184,898	—	184,898	
Artist accommodations and hospitality	6,878	472	—	26,992	—	34,342	—	—	34,342	
Bad debt expense	—	—	—	—	—	—	5,437	—	5,437	
Building occupancy	699,842	108,227	5,511	198,215	6,065	1,017,860	48,649	20,621	1,087,130	
Depreciation	185,678	46,863	2,429	85,099	2,711	322,780	26,301	9,365	358,446	
Donor cultivation	—	—	—	—	—	—	—	17,127	17,127	
Event expenses	—	—	—	—	315	315	—	43,542	43,857	
Fundraising events - costs of direct benefits to donors	—	—	—	—	—	—	—	270,979	—	
Insurance	45,657	11,932	618	21,668	690	80,565	11,345	2,385	94,295	
Interest	115,549	30,198	1,566	54,836	1,747	203,896	16,948	6,035	226,879	
Miscellaneous	1,199	—	—	—	—	1,199	—	—	1,199	
Office	6,925	4,720	120	9,164	33	20,962	108,497	3,253	132,712	
Postage and shipping	—	—	—	16	—	16	3,594	257	3,867	
Professional fees	—	—	—	—	—	—	221,919	—	221,919	
Program supplies	22,571	50,749	9,769	51,487	472	135,048	—	—	135,048	
Service charges	—	—	—	—	—	—	50,406	2,669	53,075	
Technology	101,980	26,651	1,382	54,152	1,593	185,758	83,150	42,227	311,135	
Training	185	—	2,024	2,045	2,255	6,509	16,321	4,225	27,055	
Transportation	10,797	—	3,818	—	122	14,737	329	49	15,115	
Utilities	105,193	27,491	1,425	49,921	1,591	185,621	15,429	5,493	206,543	
<b>Total Expenses By Function</b>	<b>2,522,650</b>	<b>902,297</b>	<b>339,967</b>	<b>1,233,847</b>	<b>158,099</b>	<b>5,156,860</b>	<b>1,751,620</b>	<b>808,661</b>	<b>7,446,162</b>	
Less: Expenses Included Within Revenue On The Consolidated Statement of Activities: Fundraising events - costs of direct benefits to donors	—	—	—	—	—	—	—	(270,979)	—	
	<b>\$ 2,522,650</b>	<b>\$ 902,297</b>	<b>\$ 339,967</b>	<b>\$ 1,233,847</b>	<b>\$ 158,099</b>	<b>\$ 5,156,860</b>	<b>\$ 1,751,620</b>	<b>\$ 537,682</b>	<b>\$ 7,446,162</b>	

# COCA - CENTER OF CREATIVE ARTS

## SCHEDULE OF FUNCTIONAL EXPENSES - COCA For The Year Ended August 31, 2022

	Program						Total	Management And General	Development And Fundraising Events	Total
	Education	Camps	COCAedu	Productions And Exhibits	COCAbiz	Total				
Salaries and wages	\$ 1,039,866	\$ 479,695	\$ 209,716	\$ 570,411	\$ 140,572	\$ 2,440,260	\$ 660,639	\$ 554,242	\$ 3,655,141	
Consultants	11,044	1,800	6,110	148,540	4,075	171,569	5,000	—	176,569	
Health insurance	21,536	4,638	6,385	9,165	4,304	46,028	12,481	13,694	72,203	
Payroll taxes	83,189	39,418	15,795	46,364	11,053	195,819	51,869	40,458	288,146	
Advertising and marketing	—	—	—	—	—	—	242,850	2,549	245,399	
Artist accommodations and hospitality	3,480	258	—	23,316	—	27,054	—	—	27,054	
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	
Fundraising events - costs of direct benefits to donors	—	—	—	—	—	—	—	324,924	—	
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	197,701	6,473	220,574	
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	
<b>Total Expenses By Function</b>	<b>2,412,855</b>	<b>821,692</b>	<b>255,075</b>	<b>1,357,083</b>	<b>176,242</b>	<b>5,022,947</b>	<b>1,632,389</b>	<b>1,095,429</b>	<b>7,425,841</b>	
Less: Expenses Included Within Revenue On The Consolidated Statement of Activities:										
Fundraising events - costs of direct benefits to donors	—	—	—	—	—	—	—	(324,924)	—	
	<b>\$ 2,412,855</b>	<b>\$ 821,692</b>	<b>\$ 255,075</b>	<b>\$ 1,357,083</b>	<b>\$ 176,242</b>	<b>\$ 5,022,947</b>	<b>\$ 1,632,389</b>	<b>\$ 770,505</b>	<b>\$ 7,425,841</b>	



# COCA - CENTER OF CREATIVE ARTS

## SCHEDULE OF FUNCTIONAL EXPENSES - QALICB For The Year Ended August 31, 2023

	Program						Total	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	—	—	—	—	—	—	—	—	—	—
Bad debt expense	—	—	—	—	—	—	—	—	—	—
Building occupancy	—	—	—	—	—	—	—	—	—	—
Depreciation	998,124	—	—	—	—	998,124	—	—	—	998,124
Donor cultivation	—	—	—	—	—	—	—	—	—	—
Event expenses	—	—	—	—	—	—	—	—	—	—
Fundraising events - costs of direct benefits to donors	—	—	—	—	—	—	—	—	—	—
Insurance	—	—	—	—	—	—	—	—	—	—
Interest	310,498	—	—	—	—	310,498	—	—	—	310,498
Miscellaneous	—	—	—	—	—	—	—	—	—	—
Office	—	—	—	—	—	—	—	—	—	—
Postage and shipping	—	—	—	—	—	—	—	—	—	—
Professional fees	—	—	—	—	—	—	13,181	—	—	13,181
Program supplies	—	—	—	—	—	—	—	—	—	—
Service charges	—	—	—	—	—	—	1,152	—	—	1,152
Technology	—	—	—	—	—	—	—	—	—	—
Training	—	—	—	—	—	—	—	—	—	—
Transportation	—	—	—	—	—	—	—	—	—	—
Utilities	—	—	—	—	—	—	—	—	—	—
<b>Total Expenses By Function</b>	<b>1,308,622</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,308,622</b>	<b>14,333</b>	<b>—</b>	<b>—</b>	<b>1,322,955</b>
Less: Expenses Included Within Revenue On The Consolidated Statement of Activities: Fundraising events - costs of direct benefits to donors	—	—	—	—	—	—	—	—	—	—
	<b>\$ 1,308,622</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,308,622</b>	<b>\$ 14,333</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,322,955</b>

# COCA - CENTER OF CREATIVE ARTS

## SCHEDULE OF FUNCTIONAL EXPENSES - QALICB For The Year Ended August 31, 2022

	Program						Total	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	—	—	—	—	—	—	—	—	—	—
Bad debt expense	—	—	—	—	—	—	—	—	—	—
Building occupancy	—	—	—	—	—	—	—	—	—	—
Depreciation	998,125	—	—	—	—	998,125	—	—	—	998,125
Donor cultivation	—	—	—	—	—	—	—	—	—	—
Event expenses	—	—	—	—	—	—	—	—	—	—
Fundraising events - costs of direct benefits to donors	—	—	—	—	—	—	—	—	—	—
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	—	—	—	—	—	—	—	—	—	—
<b>Total Expenses By Function</b>	<b>1,328,976</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,328,976</b>	<b>37,851</b>	<b>—</b>	<b>—</b>	<b>1,366,827</b>
Less: Expenses Included Within Revenue On The Consolidated Statement of Activities: Fundraising events - costs of direct benefits to donors	—	—	—	—	—	—	—	—	—	—
	<b>\$ 1,328,976</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,328,976</b>	<b>\$ 37,851</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 1,366,827</b>