

**FERNANDO PULLUM COMMUNITY ARTS CENTER**

**Financial Statements**

**For the Year Ended December 31, 2016**

**FERNANDO PULLUM COMMUNITY ARTS CENTER**

**Financial Statements**

**For the Year Ended December 31, 2016**

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**STEVEN D. MOCALIS**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**302 Avenida de la Estrella**  
**San Clemente, CA 92672**  
**(949) 485-5522**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
Fernando Pullum Community Arts Center

I have audited the accompanying statement of financial position of Fernando Pullum Community Arts Center, a California nonprofit organization as of December 31, 2016, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

**Management's Responsibility for the Financial Statements**

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

**Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

**Opinion**

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fernando Pullum Community Arts Center as of December 31, 2016, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Steven D. Mocalis*

San Clemente, California  
April 4, 2017

**FERNANDO PULLUM COMMUNITY ARTS CENTER**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2016**

**ASSETS**

Cash	\$ 22,795
Other receivables	4,191
Prepaid expenses and deposits	1,542
Fixed assets, net (Note 4)	19,100
Total assets	<u>\$ 47,628</u>

**LIABILITIES**

Accounts payable and accrued expenses	<u>\$ 13,748</u>
Total liabilities	<u>13,748</u>

**NET ASSETS**

Unrestricted net assets	<u>33,880</u>
Total net assets	<u>33,880</u>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$ 47,628</u></u>
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The accompanying notes are an integral part of these financial statements.

**FERNANDO PULLUM COMMUNITY ARTS CENTER  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<b>REVENUES AND SUPPORT</b>			
Contributions	\$ 382,672	\$ -	\$ 382,672
In-kind contributions	131,875	-	131,875
Program income	20,077	-	20,077
Other income	4,778	-	4,778
Net assets released from prior year restrictions	93,500	(93,500)	-
Total revenues and support	<u>632,902</u>	<u>(93,500)</u>	<u>539,402</u>
<b>EXPENSES</b>			
Program services	518,858	-	518,858
Management and general	69,197	-	69,197
Fundraising	29,134	-	29,134
Total expenses	<u>617,189</u>	<u>-</u>	<u>617,189</u>
<b>CHANGE IN NET ASSETS</b>	15,713	(93,500)	(77,787)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>18,167</u>	<u>93,500</u>	<u>111,667</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 33,880</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 33,880</u></u>

The accompanying notes are an integral part of these financial statements.

**FERNANDO PULLUM COMMUNITY ARTS CENTER  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2016**

	Program Services	Management and General	Fundraising	Total
Salaries	\$ 227,153	\$ 37,676	\$ 23,000	\$ 287,829
Payroll taxes	25,527	4,234	2,584	32,345
Health benefits	1,159	580	580	2,319
Assessments	864	45	-	909
Depreciation	7,080	1,955	-	9,035
Field trips	1,441	-	-	1,441
Food	122,715	-	-	122,715
Grants and contributions	5,000	-	-	5,000
Insurance	3,779	2,465	-	6,244
Janitorial	2,950	155	-	3,105
Miscellaneous	350	-	-	350
Musical Productions (Note 3)	44,065	-	-	44,065
Office expenses	90	1,703	-	1,793
Performers	1,500	-	-	1,500
Professional services	-	16,491	2,970	19,461
Promotion and advertising	412	708	-	1,120
Rent	49,761	2,619	-	52,380
Repairs and maintenance	382	20	-	402
Substitute teachers	7,823	-	-	7,823
Summer camp	3,252	-	-	3,252
Supplies	6,199	-	-	6,199
Telephone	4,487	236	-	4,723
Transportation	933	208	-	1,141
Utilities	1,936	102	-	2,038
Total	<u>\$ 518,858</u>	<u>\$ 69,197</u>	<u>\$ 29,134</u>	<u>\$ 617,189</u>

The accompanying notes are an integral part of these financial statements.

**FERNANDO PULLUM COMMUNITY ARTS CENTER  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2016**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Change in net assets	\$ (77,787)
Adjustments to reconcile change in net assets to net cash (used) by operating activities:	
Depreciation	9,035
In-kind contributions, capitalized	(6,800)
Changes in operating assets and liabilities	
Pledges receivable	11,250
Other receivables	(774)
Prepaid expenses	77
Accounts payable and accrued expenses	1,102
Net cash (used) by operating activities	<u>(63,897)</u>
<b>NET DECREASE IN CASH</b>	(63,897)
<b>CASH, BEGINNING OF YEAR</b>	<u>86,692</u>
<b>CASH, END OF YEAR</b>	<u><u>\$ 22,795</u></u>

The accompanying notes are an integral part of these financial statements.

**FERNANDO PULLUM COMMUNITY ARTS CENTER**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

**NOTE 1 – ORGANIZATION**

Fernando Pullum Community Arts Center (“FPCAC”) was incorporated in the State of California on July 13, 2011. The Organization’s specific and primary purpose is to offer children in South Central Los Angeles a safe environment in which they learn performing arts (instrumental music, voice, drama & dance) from respectful and caring adults. The Center strives to teach the children to be accountable to themselves and others and aim for meaningful and productive lives. The Center’s staff is focused on turning children’s lives away from gangs, violence and self-destructive behavior and towards community, peace and awakened expectations of what one’s life can be.

The Center’s administrative offices and main teaching facilities are located in a leased building in the Leimert Park area of Los Angeles. The Center also provides classes in four participating schools in neighboring areas. During the school year, 30 weekly classes are conducted at the Center and another 30 are conducted at the participating schools to more than 600 children. During the summer session, classes are conducted throughout the day at the Center and one of the participating schools – Marcus Garvey. Additionally, daily meals for the children are provided at the Center and Marcus Garvey during both the school year and the summer session programs. The Marcus Garvey program also provides academic instruction for the children. During the school year, all services provided to the children by FPCAC occur after normal school hours.

The students of FPCAC (with staff support) produce one or two musicals each year in high school auditoriums, attended by the public. Except for sound and lighting services, all of the necessary production elements are supplied by the students, including the live music and all of the performers. The students also participate monthly in serving food to the homeless and playing music for senior citizens confined to nursing homes. When opportunities arise, the students perform with major music talent from the Los Angeles area.

To support its activities, FPCAC solicits private contributions from individuals, foundations & other institutions and local government. Substantial support, particularly regarding food, also comes in the form of “in-kind” contributions.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Pledges Receivable – Pledges receivables are recorded when a donor pledges a promise to give a certain amount to the Organization. The carrying value of pledges receivables, net of allowance for doubtful accounts, if any, represents their estimated net realizable value. The allowance for doubtful accounts, if any, is estimated based on historical trends, type of customer, the age of the outstanding receivables, and existing economic conditions. If events or changes in circumstances indicate that specific receivable balances may be impaired, further consideration is given to the collect ability of those balances and the allowance adjusted accordingly.



**FERNANDO PULLUM COMMUNITY ARTS CENTER**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Fixed Assets – Acquisitions of vehicles, furniture, fixtures and equipment in excess of \$1,000 are capitalized and carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is being provided by use of the straight-line method over the estimated useful lives of the assets.

Financial Statement Presentation and Contributions – Fernando Pullum Community Arts Center recognizes contributions, including unconditional promises to give, as revenue in the period received. Contributions and net assets are classified on the existence or absence of donor-imposed restrictions. The net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations and that may be expendable for any purpose in the primary objectives of the Organization.

Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met either by actions of the Organization and/or passage of time. As the restrictions are satisfied, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying financial statements as net assets released from restrictions.

Permanently restricted net assets – Net assets that are restricted by the donors for investment in perpetuity. The investment income is available for general support of the Organization’s programs and operations. Fernando Pullum Community Arts Center did not have any permanently restricted net assets at December 31, 2016.

It is the policy of Fernando Pullum Community Arts Center to record temporarily restricted support as unrestricted support where the donor-imposed restrictions have been satisfied within the reporting period.

Income Taxes – Fernando Pullum Community Arts Center is exempt from federal and state income taxes under provisions of Section 501(c) (3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code.

In accordance with the Income Taxes Topic of the Financial Accounting Standards Board Accounting Standards Codification (FASB ASC), the accounting for uncertainties in income taxes recognized in an entity’s financial statements prescribes a threshold of more-likely-than-not that a tax position will be sustained upon examination by the appropriate taxing authorities before any part of the benefit can be recorded in the financial statement. The determination of tax exempt status is considered to be a tax position taken with respect to the provisions of FASB. Fernando Pullum Community Arts Center does not believe its financial statements include any uncertain tax provisions.

Fernando Pullum Community Arts Center is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2013.

**FERNANDO PULLUM COMMUNITY ARTS CENTER**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets, liabilities, revenues and expenses as of the date and the period presented. Accordingly, actual results could differ from those estimates.

Functional Expense Reporting - Costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 3 – MUSICAL PRODUCTIONS**

Fernando Pullum Community Arts Center produced two musical shows during the year and incurred the following expenses:

Choreography	\$ 1,500
Costumes	5,450
Filming and photography	200
Food	161
Lighting	6,994
Promotion and advertising	3,580
Props	450
Set design and construction	7,390
Sound	4,923
Stage crew	600
Transportation	870
Venue rental	<u>11,947</u>
Total	<u>\$ 44,065</u>

The staff devoted to these shows appears in the statement of functional expenses as salaries and is not included in the above numbers.

**FERNANDO PULLUM COMMUNITY ARTS CENTER**  
**Notes to the Financial Statements**  
**For the Year Ended December 31, 2016**

**NOTE 4 – FIXED ASSETS**

At December 31, 2016, fixed assets were as follows:

Vehicle	\$ 32,000
Equipment	24,274
Furniture and fixtures	<u>4,832</u>
Subtotal	61,106
Less: accumulated depreciation	<u>(42,006)</u>
Total	<u>\$ 19,100</u>

Depreciation expense for the year ended December 31, 2016 was \$ 9,035.

**NOTE 5 – SUBSEQUENT EVENTS**

Fernando Pullum Community Arts Center evaluated subsequent events through April 4, 2017, which was the date the financial statements were available for issuance, and concluded that no additional disclosures are required.