

CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.

FINANCIAL STATEMENTS
DECEMBER 31, 2020
(With Comparative Totals for 2019)

CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2020

TABLE OF CONTENTS

Independent Auditor's Report.....	1
Statement of Financial Position.....	3
Statement of Activities and Changes in Net Assets.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows.....	6
Notes to Financial Statements.....	7



1090 Vermont Avenue, NW
Suite 250
Washington, DC 20005

P.O. Box 2478
Kingshill, VI 00851

200 E Pratt Street
Suite 4100
Baltimore, MD 21202

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors
Caribbean Museum Center for the Arts, Inc.
St. Croix, U.S. Virgin Islands

Report on Financial Statements

We have audited the accompanying statement of financial position of Caribbean Museum Center for the Arts, Inc. (CMCArts) as of December 31, 2020, and the related statements of activities and changes in net assets, 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

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 controls 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

T: 202.393.5600
TF: 1.855.479.0548
F: 202.393.5608

bertsmithco.com
bsmith@bertsmithco.com



Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of CMCArts as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Report on Summarized Comparative Information

We have previously audited CMCArts's 2019 financial statements, and we expressed an unmodified opinion on those audited financial statements in our report dated May 14, 2021. In our opinion, the summarized comparative information presented herein, as of and for the year ended December 31, 2019, is consistent in all material respects with the audited financial statements from which it was derived.

Bert Smith & Co.

February 22, 2022
St. Croix, U.S. Virgin Islands

CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
(With Comparative Totals for 2019)

	2020	2019
Assets		
Cash	\$ 251,348	\$ 89,707
Accounts Receivable	-	4,600
Property and Equipment, net	29,688	17,308
Total Assets	\$ 281,036	\$ 111,615
Liabilities and Net Assets		
Liabilities		
Accounts Payable	\$ 9,204	\$ 2,861
Security Deposit	48	1,050
Note Payable – Current	-	-
Note Payable – Long Term	100,000	-
Total Liabilities	\$ 109,252	\$ 3,911
Net Assets		
Without Donor Restrictions	\$ 171,784	\$ 107,704
Total Liabilities and Net Assets	\$ 281,036	\$ 111,615

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

CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	2020	2019
Revenues and Support		
Contributions	\$ 192,518	\$ 206,205
Membership Dues	12,570	12,791
Program Revenue	18,220	22,862
Merchandise Sales	4,165	36,724
COVID Relief	17,600	-
Rental Income	28,485	26,388
Investment Income	323	82
	273,881	305,052
Expenses		
Program	195,567	306,572
General and Administration	14,234	22,764
	209,801	329,336
Change in Net Assets	64,080	(24,284)
Net Assets, Beginning of Year	107,704	131,988
Net Assets, End of Year	\$ 171,784	\$ 107,704

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

CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	Program Services	General and Administrative	Totals	
			2020	2019
Salaries and Wages	\$ 41,261	\$ -	\$ 41,261	\$ 58,974
Benefits	17,398	-	17,398	9,287
Payroll Taxes	2,764	-	2,764	5,706
Professional Fee	-	5,887	5,887	12,821
Marketing and Promotion	2,478	-	2,478	5,839
Apartment Fees	4,025	-	4,025	2,930
Event and Classes	22,890	-	22,890	109,771
Gift Shop	5,949	-	5,949	5,793
Office Expense	-	3,517	3,517	2,075
Rent	72,000	-	72,000	72,000
Repairs and Maintenance	11,194	-	11,194	14,563
Utilities	9,317	-	9,317	18,254
Insurance	-	2,990	2,990	3,984
Taxes	-	960	960	2,400
Depreciation Expense	3,932	-	3,932	3,239
Exhibitions: Framing	1,116	-	1,116	-
Other	1,243	880	2,123	1,700
Total Expenses	\$ 195,567	\$ 14,234	\$ 209,801	\$ 329,336

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

CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
(With Comparative Totals for 2019)

	2020	2019
Cash Flows from Operating Activities		
Change in Net Assets	\$ 64,080	\$ (24,284)
<i>Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities</i>		
Depreciation Expense	3,932	3,239
<i>(Increase) Decrease in Asset</i>		
Receivables	4,600	(4,000)
<i>(Decrease) Increase in Asset</i>		
Accounts Payable	6,343	(22,680)
Accrued Expense		(2,308)
Security Deposit	(1,002)	1,050
Net Cash (Used) in Operating Activities	77,953	(48,983)
Cash Flows from Investing Activities		
Capital Expenditures	(16,312)	-
Net Cash (Used In) Investing Activities	(16,312)	-
Cash Flows from Financing Activities		
Proceeds from Notes Payable	100,000	-
Net Cash Provided by Financing Activities	100,000	
Net Increase (Decrease) in Cash	161,641	(48,983)
Cash, Beginning of Year	89,707	138,690
Cash, End of Year	\$ 251,348	\$ 89,707

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

CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

NOTE 1 NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

- ***Nature of Operations:*** The Caribbean Museum Center for the Arts, Inc. (CMCArts) is an art space dedicated to preserving, promoting, and exhibiting the arts of the Caribbean community. CMCArts offers creative learning experiences that foster an understanding of the rich cultural and artistic traditions of the Caribbean through interactive environments that encourages positive forms of expression for all ages.

CMCArts was conceived by Candia Atwater in 1994 as a means of addressing the increase in violence afflicting the youth of the capital St. Croix. Atwater saw the need to have a special place for children, as well as the larger island community, to create and appreciate art in all its forms. To address that need, she initiated a multi-faceted arts program that focused on our island's youth. As part of annual offerings, CMCArts organizes the "Island Art & Soul," which showcases Caribbean artists and their work. Since 2003, CMCArts programs and exhibitions have been housed in a historic building on Strand Street in Frederiksted.

- ***Basis of Accounting:*** CMCArts prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.
- ***Net Asset Classification:*** CMCArts' financial statements follow accounting standards for financial statements of not-for-profit organizations. Under these standards, CMCArts' reports information regarding its financial position and activities according to the following net asset classifications:

- ... **Net assets without donor restrictions:** Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of CMCArts. These net assets may be used at the discretion of the CMCArts' management and the board of directors.

- ... **Net assets with donor restrictions:** Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of CMCArts or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenues are reported as with or without donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities and changes in net assets. If a donor restriction expires in the same reporting period, CMCArts reports the contributions as without donor restrictions.

Note 1 -- Nature of Activities and Significant Accounting Policies (continued)

- **Income Taxes:** CMCArts is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code; and therefore, no provision has been made for federal income taxes in the financial statements. Financial Accounting Standards Board (FASB), Accounting Standards Codification (ASC) 740, Income Taxes, requires management to evaluate tax positions taken by CMCArts and recognize a tax liability if the organization has taken an uncertain tax position that more likely than would not be sustained upon examination by the Internal Revenue Service. As of December 31, 2020, CMCArts management has assessed its various tax positions, and it believes there are no liabilities for uncertain tax positions.
- **Cash and Cash Equivalents:** Cash equivalents consist of highly liquid investments with original maturities of three months or less.
- **Property and Equipment:** Property and equipment are recorded at cost and are being depreciated on a straight-line basis over their estimated useful lives of three to forty years. Expenditures for major repairs and improvements are capitalized. Donated property is recorded at fair value at the date of donation. Expenditures for minor repairs and maintenance costs are expensed when incurred. CMCArts capitalizes all fixed assets greater than \$500. Upon the retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the respective accounts, and the resulting gain or loss, if any, is included in revenue or expenses in the accompanying statement of activities.
- **Use of Estimates:** The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reporting amount of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.
- **Functional Allocation of Expenses:** The cost of providing CMCArts' various programs and supporting services has been summarized on a functional basis in the statement of activities and change in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefit. The expenses are allocated based on direct charges and the estimated percentage of time employees spent between the program and general and administrative functions.
- **Comparative Information:** The amounts shown for 2019 in the accompanying financial statements are included only to provide a basis for comparison with 2020 and are not intended to present all information necessary for a fair presentation in accordance with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with CMCArts's financial statements for the year ended December 31, 2019.
- **Reclassifications:** Certain accounts and amounts reported in the 2019 Foundation financial statements have been reclassified to conform to the 2020 financial statement presentation. The reclassification had no effect on the change in the net assets for 2019.

Note 1 -- Nature of Activities and Significant Accounting Policies (continued)

- **Issued Accounting Pronouncements:** In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. Based on this guidance, lessees are required to recognize the following for all leases with terms longer than 12 months: (a) lease liabilities measured on a discounted basis; and (b) lease assets, which represent the lessee's right to use or control the use of, a specified asset for the lease term. The new guidance requires a modified retrospective transition approach for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available. This new standard was amended to be effective for fiscal years beginning after December 15, 2021 (the fiscal year 2022 for CMC Arts), with early application permitted. CMC Arts is evaluating the impact that this standard will have on the financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of the new guidance is to improve transparency related to nonfinancial assets (also known as in-kind contributions) received by not-for-profit (NPF) organizations. This new standard was amended to be effective for fiscal years beginning after June 15, 2021 (the fiscal year 2022 for CMC Arts), with early application permitted. CMC Arts is evaluating the impact that this standard will have on the financial statements.

NOTE 2 AVAILABILITY AND LIQUIDITY

The following table represents the CMC Arts' financial assets as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Financial Assets at Year-End		
Cash	<u>\$251,348</u>	<u>\$89,707</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$251,348</u>	<u>\$89,707</u>

CMC Arts prepares an annual budget to ensure it meets the cash needs of the organization.

NOTE 3 PROPERTY AND EQUIPMENT

CMC Arts' property and equipment consist of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Furniture and Equipment	\$ 16,129	\$ 12,885
Leasehold Improvements	15,966	10,548
Construction In Progress	7,650	
Total Property and Equipment	39,745	23,433
Less Accumulated Depreciation	<u>(10,057)</u>	<u>(6,125)</u>
Property and Equipment, net	<u>\$ 29,688</u>	<u>\$ 17,308</u>

Depreciation expense for 2020 was \$3,932.

NOTE 4 NOTES PAYABLE

On September 2, 2020, CMCArts received a promissory note from the U.S. Small Business Administration in the amount of \$100,000. The proceeds of the note are to be used solely as working capital to alleviate economic injury caused by the disaster which occurred in January 2020. Interest at 2.75% is due monthly, with principal payments allowed to be made two years after signing the promissory note. The note matures in 30 years and is due in September 2052. As of December 31, 2020, the balance of the note totaled \$100,000. During the fiscal year 2020, interest expense paid related to the loan totaled \$.00. The principal payments are as follows:

<u>Year</u>	<u>Total</u>
2021	\$ -
2022	719
2023	2,196
2024	2,257
2025	2,320
Thereafter	<u>92,507</u>
Total	<u>\$ 100,000</u>

NOTE 5 CONTINGENCIES

CMCArts' management asserts that there have been no material claims, suits or complaints filed, nor are any pending against CMCArts. In the opinion of management, any potential liability from all other claims and other matters which are omitted or unasserted are without merit and will not have a material adverse effect upon the financial position or results of net assets of CMCArts if they were to be disposed of unfavorably.

NOTE 6 SUBSEQUENT EVENTS

CMCArts has evaluated subsequent events through February 22, 2022, which is the date the financial statements were available to be issued. This review and evaluation revealed no additional material events that would require disclosure or have an effect on the financial statements.