

CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2019
(Together with Independent Auditor's Report)



CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2019

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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, 2019, and the related statements of activities and change 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.

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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, 2019, 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.

Bert Smith & Co

May 14, 2021
St. Croix, U.S. Virgin Islands

CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2019

Assets	
Cash	\$ 89,707
Accounts Receivable	4,600
Property and Equipment, net	<u>17,308</u>
Total Assets	<u><u>111,615</u></u>
 Liabilities and Net Assets	
Liabilities	
Accounts Payable	2,861
Security Deposit	<u>1,050</u>
Total Liabilities	<u><u>3,911</u></u>
 Net Assets	
Without Donor Restrictions	<u>107,704</u>
 Total Liabilities and Net Assets	 <u><u>\$ 111,615</u></u>

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

CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.
STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

Revenues and Support	
Contributions	\$ 206,205
Membership Dues	12,791
Program Revenue	22,862
Merchandise Sales	36,724
Rental Income	26,388
Investment Income	<u>82</u>
Total Revenues and Support	<u><u>305,052</u></u>
Expenses	
Program	306,572
General and Administration	<u>22,764</u>
Total Expenses	<u>329,336</u>
Change in Net Assets	(24,284)
Net Assets, Beginning of Year	<u>131,988</u>
Net Assets, End of Year	<u><u>\$ 107,704</u></u>

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

CARIBBEAN MUSEUM CENTER FOR THE ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2019

	Program Services	General Administration	Total
Salaries and Wages	\$ 58,974	\$ -	\$ 58,974
Benefits	9,287	-	9,287
Payroll Taxes	5,706	-	5,706
Professional Fees	-	12,821	12,821
Marketing and Promotion	5,839	-	5,839
Apartment Fees	2,930	-	2,930
Event and Classes	109,771	-	109,771
Gift Shop	5,793	-	5,793
Office Expense	-	2,075	2,075
Rent	72,000	-	72,000
Repairs and Maintenance	14,563	-	14,563
Utilities	18,254	-	18,254
Insurance	-	3,984	3,984
Taxes	-	2,400	2,400
Depreciation Expense	3,239	-	3,239
Other	216	1,484	1,700
Total Expenses	<u>\$ 306,572</u>	<u>\$ 22,764</u>	<u>\$ 329,336</u>

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, 2019

Cash Flows from Operating Activities

Change in Net Assets	\$ (24,284)
 <i>Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities</i>	
Depreciation Expense	3,239
<i>(Increase) Decrease in Assets</i>	
Receivables	(4,000)
<i>(Decrease) Increase in Liabilities</i>	
Accounts Payable	(22,680)
Accrued Expenses	(2,308)
Security Deposit	1,050
Net Cash Used in Operating Activities	(48,983)
Net Decrease in Cash	(48,983)
Cash, Beginning of Year	138,690
Cash, End of Year	\$ 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, 2019

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 an 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 the organization. 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.

- **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, 2019, 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.
- **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 have 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 benefitted. The expenses are allocated based on direct charges and the estimated percentage of time employees spent between program and general and administration functions.

NOTE 2 AVAILABILITY AND LIQUIDITY

The following table represents the CMCArts' financial assets as of December 31, 2019:

Financial assets at year-end:	
Cash	\$ 89,707
Total Financial Assets	<u>89,707</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$89,707</u></u>

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

NOTE 3 PROPERTY AND EQUIPMENT

CMCArts' property and equipment consist of the following as of December 31, 2019.

Furniture and Equipment	\$ 12,885
Leasehold Improvements	<u>10,548</u>
Total Property and Equipment	23,433
Less Accumulated Depreciation	<u>(6,125)</u>
Property and Equipment, net	<u>\$ 17,308</u>

Depreciation expense for 2019 was \$3,239.

NOTE 4 CONTINGENCIES

CMCArts' management asserts that there have been no material claims, suits or complaints filed nor are any pending against the organization. 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 5 SUBSEQUENT EVENTS

CMCArts has evaluated subsequent events through May 14, 2021, 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.