

**MONROE COUNCIL OF THE ARTS
CORPORATION**

***Financial Statements for
the Year Ended June 30, 2021
and Independent Auditor's Report***

**PAUL S. MILLS
CERTIFIED PUBLIC ACCOUNTANT**

KEY WEST, FLORIDA

MONROE COUNCIL OF THE ARTS CORPORATION
Financial Statements
June 30, 2021

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Monroe Council of the Arts Corporation
Key West, Florida

I have audited the accompanying statement of financial position of the Monroe Council of the Arts Corporation (a nonprofit organization) as of June 30, 2021 and the related statements of activities and cash flows and functional expenses 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 U.S. generally accepted accounting principles; 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 miss, 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 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 judgement, 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, based on my audit the financial statements referred to above present fairly, in all material respects, the financial position of the Monroe Council of the Arts Corporation as of June 30, 2021, and the changes in its net assets and its cash flows, for the year then ended, in accordance with U.S. generally accepted accounting principles.



Paul S. Mills
Certified Public Accountant
January 14, 2022

MONROE COUNCIL OF THE ARTS CORPORATION
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2021

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 228,952
Accounts Receivable:	
Grants and Awards	11,093
Inventory – Fine Art	16,700
Prepaid Expenses	841

TOTAL CURRENT ASSETS	257,586
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NONCURRENT ASSETS

Furniture and Office Equipment, Net of Accumulated Depreciation of \$ 19,197 (Note 8)	3,394
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TOTAL ASSETS	\$ 260,980
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 26,000
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TOTAL CURRENT LIABILITIES	26,000
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TOTAL LIABILITIES	26,000
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NET ASSETS:

Without Donor Restrictions

Undesignated	173,359
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With Donor Restrictions

Purpose Restrictions	61,621
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TOTAL NET ASSETS	234,980
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TOTAL LIABILITIES AND NET ASSETS	\$ 260,980
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THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MONROE COUNCIL OF THE ARTS CORPORATION
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

REVENUES

Grants and Awards	\$ 198,571
Membership Dues	30,225
Public Donations	166,449
In-Kind Donations	22,494
Program Service Revenue	250
Dividends & Interest	3,580
Gain/Loss on Value of Short-Term Investments	12,531
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TOTAL REVENUES	\$ 434,100

EXPENSES

Program Expenses	\$ 338,774
Grants Awarded	27,993
Administrative Support	34,571
Fund Raising	6,102
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TOTAL EXPENSES	\$ 407,440
 Increase (Decrease) in Net Assets	 26,660
 NET ASSETS - Beginning of Year	 208,320
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NET ASSETS - End of Year	\$ 234,980

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MONROE COUNCIL OF THE ARTS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Increase (Decrease) in Net Assets	\$ 26,660
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation	175
(Increase) Decrease in Grants Receivable	10,811
(Increase) Decrease in Inventory – Fine Art	-
(Increase) Decrease in Prepaid Expenses	(109)
Increase (Decrease) in Accrued Expenses	(6,357)
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Net Cash Provided by Operating Activities	<u>\$ 31,180</u>
Investing Activities	-0-
Net Cash (Used for) Investing Activities	<hr/> -0-
Financing Activities	-0-
Net Cash (Used for) Provided By Financing Activities	<hr/> -0-
Net Increase (Decrease) in Cash	31,180
Cash and Cash Equivalents - Beginning of Year	<hr/> 197,772
Cash and Cash Equivalents - End of Year	<u><u>\$ 228,952</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MONROE COUNCIL OF THE ARTS CORPORATION
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Expenses	Administrative General	Fundraising	Total Expenses
Payroll & Related Benefits	\$170,903	\$19,531	\$4,884	\$195,318
Total Personal Services and Related Expenses	170,903	19,531	4,884	195,318
Advertising	4,760	840	-0-	5,600
Credit Card Fees	1,476	261	-0-	1,737
Contract Labor	5,200	-0-	-0-	5,200
Dues & Subscriptions	1,728	305	-0-	2,033
Education	149	-0-	-0-	149
Equipment Rental	1,816	320	-0-	2,136
Fund Raising Expense	-0-	-0-	1,012	1,012
Grants Awarded	27,993	-0-	-0-	27,993
Insurance	8,337	1,471	-0-	9,808
Internet	967	135	-0-	1,102
Investment Fees	-0-	2,483	-0-	2,483
Licenses & Taxes	-0-	61	-0-	61
Occupancy	19,120	3,374	-0-	22,494
Office Supplies	814	93	23	930
Postage & Shipping	461	152	153	766
Printing & Reproduction	8,947	-0-	-0-	8,947
Program Expenses	112,907	-0-	-0-	112,907
Professional Fees	-0-	5,400	-0-	5,400
Travel	1,040	119	30	1,189
Depreciation	149	26	-0-	175
Totals	<u>\$ 366,767</u>	<u>\$ 34,571</u>	<u>\$ 6,102</u>	<u>\$ 407,440</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

MONROE COUNCIL OF THE ARTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization - Monroe Council of the Arts Corporation (MCOA) was incorporated February 17, 1997 under the not-for-profit statutes of the State of Florida to provide investment in the community by enhancing the cultural environment and economy of Monroe County through development and promotion of the arts. The "Council" is committed to a leadership role as the community umbrella organization for the arts, providing services to the arts community and engaging in community development initiatives. Monroe Council of the Arts Corporation has been recognized by the Internal Revenue Service as tax exempt under Section 501 (c) (3) of the Internal Revenue Service code and files Federal Form 990 – "Return of Organization Exempt from Income Tax", a Federal Information Return, on an annual basis.

Basis of Accounting 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. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recognized when the obligation is incurred. In addition, certain in-kind donations including free office space and media publicity are recorded in these financial statements based on their fair market value.

Basis of Presentation Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) with its update to SFAS 117: Accounting Standards Update ASU 2016-14 *Presentation of Financial Statements of Not-For-Profit Entities*. Under ASU 2016-14, the Organization is required to report information regarding its financial position and activities where net assets are presented with donor restrictions or without donor restrictions. Net Assets with donor restrictions will include temporarily restricted net assets, and permanently restricted net assets. A description of each class of net assets is listed below.

Net Assets without donor restriction – Net assets that are not subject to donor – imposed stipulations.

Temporarily Restricted Net Assets – Net assets subject to donor – imposed stipulations that may or will be met, either by actions of Monroe Council of The Arts Corporation or the passage of time. When a restriction expires, temporarily restricted net assets are classified as net assets without donor and reported in the statement of activities as net assets released from restrictions. A schedule of Temporarily Restricted Net Assets is depicted below:

Key West Writers Guild	\$ 52,271
Special Projects	<u>9,350</u>
Total	<u>\$ 61,621</u>

Permanently Restricted Net Assets – Net assets subject to donor – imposed stipulations that may be maintained permanently by Monroe Council of The Arts Corporation. Generally, the donors of these assets permit Monroe Council of The Arts Corporation to use all or part of the income earned on any related investments for general or specific purposes.

Contributions – Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give are recorded at net realizable value if expected to be collected in one year and at fair market value if expected to be collected in more than one year.

MONROE COUNCIL OF THE ARTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Property and Equipment - Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset to a specific purpose.

Cash and Cash Equivalents - Any investments with a maturity of twelve months or less are deemed to be cash equivalents for the purpose of reporting cash flows. Management of the Monroe Council of The Arts Corporation is not exposed to any significant credit risk on cash or cash equivalents.

Donated Services - A number of unpaid volunteers have made significant contributions of their time to Monroe Council of the Arts Corporation fund raising campaigns, and certain other services. However, the value of these services is not reflected in these financial statements because it does not meet the definition of donated services required to be recorded.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those statements.

NOTE 2 – LEASES

Monroe Council of the Arts Corporation leases office space from the Monroe County Board of County Commissioners. The lease term began October 1, 2016 and expires September 30, 2031. The lease contains an additional 15 year option to renew. The county is providing free office space to Monroe Council of the Arts Corporation to help promote and enhance cultural enrichment and the Arts. The fair market value of the office space in the amount of \$ 22,494 is recorded in these financial statements as an in-kind donation.

Monroe Council of the Arts Corporation leases an office copier from Xerox Corporation. The lease term is for 48 months and began October 20, 2018. The monthly lease payment is in the amount of \$ 168.87 plus applicable sales tax.

NOTE 3 – FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs, fund-raising 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 fund-raising activities.

NOTE 4 – FAIR VALUES OF FINANCIAL INSTRUMENTS

Disclosure of fair value information about certain financial instruments, whether or not recognized in the balance sheet for which it is practicable to estimate the value, is required by Statement of Financial Accounting Standards (SFAS) 107, Disclosure About Fair Value of Financial Instruments. The following methods and assumptions were used in estimating fair values:

Cash and Cash Equivalents - The carrying amounts reported in the balance sheet approximate fair value and are insured by FDIC and SIPC.

MONROE COUNCIL OF THE ARTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 – GRANTS AND AWARDS

Board of County Commissioners, Monroe County, Florida – For fiscal year ended June 30, 2021, Monroe Council of the Arts Corporation received an appropriation in the amount of \$ 79,900 from the Board of County Commissioners, Monroe County, Florida. The appropriation is to develop, coordinate and promote the arts in Monroe County and surrounding areas. The appropriation is for the period beginning October 1, 2019 and ending September 30, 2020. Monroe Council of the Arts Corporation submits expense vouchers (mostly labor) for reimbursement under the appropriation.

Board of County Commissioners, Monroe County, Florida – For fiscal year ended June 30, 2021, Monroe Council of the Arts Corporation received an appropriation in the amount of \$ 79,900 from the Board of County Commissioners, Monroe County, Florida. The appropriation is to develop, coordinate and promote the arts in Monroe County and surrounding areas. The appropriation is for the period beginning October 1, 2020 and ending September 30, 2021. Monroe Council of the Arts Corporation submits expense vouchers (mostly labor) for reimbursement under the appropriation.

Board of County Commissioners, Monroe County, Florida – For fiscal year ended June 30, 2021, Monroe Council of the Arts Corporation received an administrative agreement with the Board of County Commissioners, Monroe County, Florida. The agreement provides 10% of the county-mandated 1% allocation for art funding for the acquisition, commission, installation, and maintenance of works of art in newly constructed or renovated buildings, and will be utilized for reimbursements of administrative expenses incurred by the Arts Council. The agreement is for the period beginning October 1, 2019 and ending September 30, 2022.

Board of County Commissioners, Monroe County, Florida – For fiscal year ended June 30, 2021, Monroe Council of the Arts Corporation was awarded an agreement in the amount of \$ 100,000 per year from the Tourist Development Council and passed through the Board of County Commissioners, Monroe County, Florida. The agreement is to provide reimbursement for staffing and publication expenses in connection with promotion of cultural/arts information services. The agreement is for the period beginning October 1, 2018 and ending September 30, 2021.

State of Florida – Department of Highway Safety and Motor Vehicles – For fiscal year ended June 30, 2021, Monroe Council of the Arts Corporation received a grant in the amount of \$ 3,143 from the State of Florida – Department of Highway Safety and Motor Vehicles. The grant received is the allocation of Florida Arts License Plates program distributed to the county where the plates were sold. The grant is provided to help support arts organizations, programs and activities within Monroe County.

Florida Department of State – For fiscal year ended June 30, 2021, Monroe Council of the Arts Corporation received a grant from the Florida Department of State, division of Cultural Affairs. The grant was used to provide for General Program Support. The grant was in the amount of \$ 14,808. The grant was for the period beginning July 1, 2020 and ending June 30, 2021.

MONROE COUNCIL OF THE ARTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 – GRANTS AND AWARDS - Continued

Key West City Art in Public Places – For fiscal year ended June 30, 2021, Monroe Council of the Arts Corporation was awarded an Agreement with the city of Key West to provide administrative services for Arts in Public Places projects within the city of Key West. Under the agreement, the City of Key West reimburses MCOA up to 10% of the funds allocated for each Art in Public Places project. The reimbursement is for personnel labor costs on a predetermined hourly rate for each project. The agreement is for two years, however either party to the Agreement can terminate the Agreement by providing the other party sixty (60) day written notice to do so.

Key West Writers Guild Award – For the fiscal year ended June 30, 2021, an Individual made a contribution in the amount of \$ 49,370 in 2003 as principal to be held for twenty years in a brokerage account. The annual earnings on the principle in the amount of \$ 2, 000 shall be used as an award to be given to a Monroe County resident writer to continue working on a novel or nonfiction work. Any additional income that may be generated by the principle shall be used in furtherance of the mission of Monroe Council of The Arts Corporation. The fund principle shall revert to unrestricted funds at the option of Monroe Council of the Arts Corporation after twenty years from the date of the gift.

COVID-19 Relief

For the fiscal year ended June 30, 2021, Monroe Council of the Arts Corporation through fundraising efforts, provided financial support to artist who suffered financial hardship due to the Covid -19 pandemic. The total amount of fundraiser and provided was in the amount of \$ 20,500.

NOTE 6 – Florida Keys Sculpture Trail

Florida Keys Sculpture Trail – For fiscal year ended June 30, 2021, Monroe Council of the Arts Corporation provided administration to the vision of two local philanthropists who provided sponsorship for artist sculptures situated along US-1 the overseas Highway in the Florida Keys. The Sculpture Trail features 9 sculptures created by The Art Student League of New York's Model to Monument Program. Additional sponsorship was provided by Monroe County Board of County Commissioners.

NOTE 7 – In-Kind Donations

Monroe County Board of County Commissioners - For fiscal year ended June 30, 2021, Monroe Council of the Arts Corporation received an "In-Kind" donation of monthly office rent from the Monroe County Board of County Commissioners. Fair market value is in the amount of \$ 22,494 based on square foot charges for comparable office space.

MONROE COUNCIL OF THE ARTS CORPORATION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

Note 8 - Furniture & Office Equipment - Furniture & Office Equipment are carried at cost. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets of seven to ten years. Furniture & Office Equipment consists of the following at June 30, 2021.

Office Furniture & Equipment	\$ 22,591
Less Accumulated Depreciation	(19,197)
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Furniture & Office Equipment, Net,	\$ 3,394

Note 9 – Income Taxes – Monroe Council of the Arts Corporation is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. Accordingly, no provision for income taxes are included in these financial statements. The Internal Revenue Service has classified Monroe Council of the Arts Corporation as an organization other than a private foundation.

Note 9 – Concentrations - For fiscal year ended June 30, 2021, MCOA received 6.96% of its revenues from membership dues and 93.04% of its income from contributions and grants.

Note 10 – Subsequent Events - As of January 17, 2022, the date the financial statements were available to be issued, MCOA did not have any subsequent events effecting the amounts reported in the financial statements for the fiscal year ended June 30, 2021 for which are required to be disclosed in the notes to the financial statements for the year then ended.