



FINANCIAL STATEMENTS

September 30, 2017

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors
Cultural Development Corporation of the District of Columbia dba CulturalDC
Washington, DC

We have reviewed the accompanying financial statements of Cultural Development Corporation of the District of Columbia dba CulturalDC (a nonprofit organization), which comprise the statement of financial position as of September 30, 2017, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of organization management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States; 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.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles general accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

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CULTURAL DEVELOPMENT CORPORATION OF THE DISTRICT OF COLUMBIA
STATEMENT OF FINANCIAL POSITION
September 30, 2017

ASSETS

Cash	\$ 406,893
Promises to give	11,000
Grants receivable	48,500
Accounts receivable	16,912
Prepaid expenses	7,707
Property and equipment - net	<u>1,971,396</u>

Total assets

\$ 2,462,408

LIABILITIES

Accounts payable	\$ 22,209
Accrued payroll	15,810
Security deposits	20,282
Note payable	<u>1,346,077</u>

Total liabilities

1,404,378

NET ASSETS

Unrestricted	<u>1,058,030</u>
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Total liabilities and net assets

\$ 2,462,408

See accompanying notes and independent accountant's review report.

CULTURAL DEVELOPMENT CORPORATION OF THE DISTRICT OF COLUMBIA
STATEMENT OF ACTIVITIES
Year ended September 30, 2017

SUPPORT AND REVENUE	
Contributions	\$ 214,883
Government grants	186,000
Program service revenue	
Source and venue	294,430
Consulting	53,520
Other program revenue	52,300
Interest income	94
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Total support and revenue	801,227
EXPENSES	
Program services	1,116,077
Supporting activities	
Management and general	158,406
Fundraising	121,442
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Total expenses	1,395,925
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Change in net assets	(594,698)
Net assets - beginning of year	1,652,728
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Net assets - end of year	\$ 1,058,030
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See accompanying notes and independent accountant's review report.

CULTURAL DEVELOPMENT CORPORATION OF THE DISTRICT OF COLUMBIA
STATEMENT OF FUNCTIONAL EXPENSES
Year ended September 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Personnel	\$ 357,933	\$ 34,640	\$ 69,277	\$ 461,850
Professional and artist fees	297,942	34,203	25,733	357,878
Occupancy	184,074	30,686	12,994	227,754
Office supplies and meals	71,417	9,906	3,541	84,864
Depreciation	56,458	10,586	3,529	70,573
Interest expense	50,587	9,216	3,161	62,964
Conferences and meetings	19,079	4,666	414	24,159
Travel and lodging	11,334	12,137	414	23,885
Licenses and credit card fees	15,266	1,793	729	17,788
Marketing and promotions	16,673	377	280	17,330
Printing and postage	13,373	2,507	836	16,716
Concessions	12,589	111	-	12,700
Insurance	8,545	1,602	534	10,681
Information technology	807	216	-	1,023
Bad debt expense	-	5,760	-	5,760
Total expenses	<u>\$ 1,116,077</u>	<u>\$ 158,406</u>	<u>\$ 121,442</u>	<u>\$ 1,395,925</u>

See accompanying notes and independent accountant's review report.

CULTURAL DEVELOPMENT CORPORATION OF THE DISTRICT OF COLUMBIA
STATEMENT OF CASH FLOWS
Year ended September 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ (594,698)
Adjustments to reconcile change in net assets to net cash flows from operating activities	
Depreciation	70,573
Bad debt expense	5,760
(Increase) decrease in assets	
Promises to give	(16,760)
Grants receivable	(23,500)
Accounts receivable	(8,441)
Prepaid expenses	147,319
Increase (decrease) in liabilities	
Accounts payable	(17,430)
Accrued payroll	(8,192)
Security deposits	(3,270)

Net cash flows from operating activities (448,639)

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of equipment	(6,673)
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CASH FLOWS FROM FINANCING ACTIVITIES

Principal payments on note payable	(37,968)
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Net change in cash (493,280)

Cash - beginning of year 900,173

Cash - end of year \$ 406,893

SUPPLEMENTAL DISCLOSURES

Cash paid for interest	\$ 62,452
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See accompanying notes and independent accountant's review report.

CULTURAL DEVELOPMENT CORPORATION OF THE DISTRICT OF COLUMBIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

Cultural Development Corporation of the District of Columbia (CulturalDC) was incorporated as a nonprofit organization in Washington, DC in 1998. CulturalDC works to increase and sustain the presence of arts and culture and provides places for arts organizations and artists to live, create, exhibit, sell, rehearse, perform and convene. Modeled after a community development corporation, CulturalDC creates opportunities for artists and arts organizations that stimulate economic development and improve the quality of life in the Washington, DC area.

CulturalDC develops places where the arts can flourish and supports artists and arts organizations that bring creativity and innovation to the community. To meet the DC arts community's ongoing needs, CulturalDC: creates and manages arts facilities (including administrative, rehearsal, performance and exhibition space at Flashpoint and Source); provides technical assistance to artists and arts organizations; creates artist housing opportunities; and advocates for the incorporation of sustainable arts components into mixed use development projects.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

CulturalDC reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted net assets—Net assets that are not restricted by donors. Designations are voluntary board-approved segregations of unrestricted net assets for specific purposes, projects, or investments.

Temporarily restricted net assets—Net assets whose use has been limited by donor-imposed time restrictions or purpose restrictions. Temporarily restricted net assets at September 30, 2017 are available for subsequent period's activities.

Permanently restricted net assets—Net assets that have been restricted by donors to be maintained by Matriculate in perpetuity. classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Promises to Give

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises to give become unconditional.

Accounts Receivable

CulturalDC considers all receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is required. If receivables become uncollectible, they will be charged to operations when that determination is made.

Property and Equipment

CulturalDC capitalizes all acquisitions of property and equipment in excess of \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets.

CULTURAL DEVELOPMENT CORPORATION OF THE DISTRICT OF COLUMBIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions

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. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Government Grants

CulturalDC's programs are funded in part by grants from various government agencies. Revenue from these grants is based upon the actual cost of the services provided up to the maximum amount specified in the grants. Costs are allocated to these grants in accordance with established procedures and are subject to audit by various government agencies. No determination has been made regarding the effect, if any, such audits could have on the financial statements. CulturalDC considers all grants receivable to be fully collectible; accordingly, no allowance for doubtful amounts has been established.

Expenses Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the program services and supporting activities benefited.

Income Tax Status

CulturalDC is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through May 3, 2019, the date which the financial statements were available to be issued.

NOTE 2 – CONCENTRATIONS

CulturalDC maintains its cash balances at two financial institutions located in Washington, DC. The balances at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At September 30, 2017, uninsured cash balances were approximately \$10,000.

CULTURAL DEVELOPMENT CORPORATION OF THE DISTRICT OF COLUMBIA
NOTES TO FINANCIAL STATEMENTS
September 30, 2017

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment at September 30, 2017 consists of the following:

Building	\$	908,805
Leasehold improvements		1,719,648
Furniture and equipment		334,375
Computer equipment		<u>114,419</u>
Property and equipment		3,077,247
Accumulated depreciation		<u>(1,105,851)</u>
Property and equipment - net	\$	<u><u>1,971,396</u></u>

NOTE 4 – NOTE PAYABLE

At September 30, 2018, CulturalDC had a note payable obtained in financing the purchase of their building. The loan requires monthly principal and interest payments of \$9,093 with an interest rate of 5.59% and matures in June 2023. The unpaid principal on the note is due in full at maturity. Future minimum principal payments at September 30, 2017 are as follows:

2018	\$	37,380
2019		35,259
2020		37,718
2021		40,114
2022		42,447
2023		<u>1,153,159</u>
Note payable	\$	<u><u>1,346,077</u></u>