CENTER FOR CREATIVE EDUCATION, INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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For the Year Ended September 30, 2019

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LARRISA M. SHAFFER CPA, P.A.

Jupiter, Florida 33458

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Center for Creative Education, Inc.
West Palm Beach, Florida

We have audited the accompanying financial statements of the Center for Creative Education, Inc. (a non-profit organization) which comprise the statement of financial position as of September 31, 2019, and the related statement of activities and changes in nets assets, statement of functional expenses and the statement of 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 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, 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.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Center for Creative Education, Inc. as of September 30, 2019, and the changes in its nets assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

LARRISA M. SHAFFER, CPA, P.A.
Jupiter, Florida
February 12, 2020

CENTER FOR CREATIVE EDUCATION, INC.
STATEMENT OF FINANCIAL POSITION
As of September 30, 2019

		2019
ASSETS		
Cash and cash equivalents	$	621,904
Receivables		
Pledges outstanding		2,000
Grants outstanding		143,000
Other receivables		63,045
Prepaid Assets		19,716
Beneficial interest in assets held at the Community Foundation for Palm Beach and Martin Counties, at fair value		1,043,751
Property and equipment, net		5,302,313
Art and collections (Note 1)		-
Land		433,126
TOTAL ASSETS	$	7,628,855

See accompanying notes and independent auditors' report.

Center For Creative Education, Inc.
STATEMENT OF FINANCIAL POSITION
As of September 30, 2019

		2019
LIABILITIES		
Accounts payable and accrued expenses	$	49,050
Mortgage		276,290
TOTAL LIABILITIES		325,340
NET ASSETS		
Without donor restrictions		
Board designated - endowment		1,043,751
Undesignated		6,058,034
With donor restrictions		201,730
TOTAL NET ASSETS		7,303,515
TOTAL LIABILITIES AND NET ASSETS	$	7,628,855

See accompanying notes and independent auditors' report.

Center For Creative Education, Inc.
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support:			
State & Local Government	$ 594,873	$ -	$ 594,873
Foundation/Grants	397,433	193,730	591,163
Contributions/Donations	37,716	8,000	45,716
Programming	67,438	-	67,438
Special events	556,900	-	556,900
Board contributions	59,250	-	59,250
Other income	33,009	-	33,009
Net assets released from donor restrictions	242,069	(242,069)	-
TOTAL SUPPORT	1,988,688	(40,339)	1,948,349
Expenses:			
Program services	1,800,684	-	1,800,684
Supporting services:			
Management and general	91,043	-	91,043
Fundraising	255,965	-	255,965
TOTAL EXPENSES	2,147,692	-	2,147,692
INCREASE (DECREASE) IN NET ASSETS	(159,004)	(40,339)	(199,343)
NET ASSETS AT BEGINNING OF YEAR	7,260,789	242,069	7,502,858
NET ASSETS (DEFICIT) AT END OF YEAR	$ 7,101.785	$ 201,730	$ 7,303,515

See accompanying notes and independent auditors' report.

Center For Creative Education, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2019

	Total	Program	Management & General	Fundraising
Program expenses	$ 494,366	$ 494,366	$ -	$ -
Special events	147,702	-	-	147,702
Dues and subscriptions	6,683	267	5,547	869
Conference/Workshops	-	-	-	-
Professional and Consulting	116,288	101,171	8,140	6,977
Development	5,599	5,293	-	306
Insurance	17,469	15,198	1,223	1,048
Taxes, licenses & permits	7,071	6,152	495	424
Office expense	34,237	29,960	2,303	1,974
Equipment rental	9,105	7,922	637	546
Property taxes	3,396	2,954	238	204
Repairs & maintenance	61,188	53,234	4,283	3,671
Payroll	873,571	768,742	43,679	61,150
Employee Benefits	68,044	59,879	3,402	4,763
Travel	590	519	30	41
Utilities	34,982	30,434	2,449	2,099
Interest expense	11,529	10,030	807	692
Other Expense	10,057	704	603	8,750
Total expense before depreciation	1,901,877	1,586,825	73,836	241,216
Depreciation & amortization	245,815	213,859	17,207	14,749
TOTAL FUNCTIONAL EXPENSES	$ 2,147,692	$ 1 800,684	$ 91,043	$ 255,965

See accompanying notes and independent auditors' report.

Center For Creative Education, Inc.
STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2019

CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (Decrease) in Net Assets:	$	(199,343)
Adjustments to reconcile net cash provided by operating activities:		
Depreciation/Amortization		245,815
Unrealized net change (gain)/loss on investments		(20,087)
(Increase)/decrease in operating activities:		
Collections of Pledges Outstanding		(2,000)
Increase in grants and pledges outstanding		(23,045)
Decrease in prepaid expenses		52,284
Decrease in accounts payable and accrued expenses		(26,535)
NET CASH PROVIDED BY OPERATING ACTIVITIES		27,089
CASH FLOWS (USED)/PROVIDED BY INVESTING ACTIVITIES:		
Purchase of Furniture & Equipment		(28,154)
NET CASH (USED) BY INVESTING ACTIVITIES		(28,154)
CASH FLOWS (USED)/PROVIDED BY FINANCING ACTIVITIES:		
Principal payments on debt – Mortgage		(33,574)
NET CASH (USED) BY FINANCING ACTITIVITIES		(33,574)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$	(34,639)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR		656,543
CASH AND CASH EQUIVALENTS – END OF YEAR	$	621,904
SUPPLEMENTAL DISCLOSURES AND NONCASH ACTIVITIES:		
Property Taxes paid		3,396
Interest expense (net of capitalized amounts)		11,529
Noncash investment gain on endowment fund		(30,144)
Noncash investment expenses incurred		10,057
Noncash depreciation		245,815

See accompanying notes and independent auditors' report.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

The Center for Creative Education, Inc. (the "Organization") is organized generally to develop, coordinate, and promote arts and cultural activities and school reform endeavors in Palm Beach County schools, community organizations, and other venues which serve youth. The Organization is supported through donor contributions and grants at the State and local levels, including support from Prime Time Palm Beach County, Inc., which receives significant funding from the Children's Services Council of Palm Beach County, Inc. The Organization operates in a facility in the Northwood Section of the city of West Palm Beach. This location provides classrooms, meeting areas, rehearsal space, labs, theatre, and an art gallery, positioning the Organization to develop exceptional resources for arts and education extended to both students and the community.

Strategic Planning

In 2019, the Organization completed a year-long strategic planning process facilitated by the De Voss Institute for Arts Management based at the University of Maryland. The timing of the development of this new strategic process was intentional and required that the organization be in a well-established position within the community and with their donors. The Organization has determined that all new initiatives must yield highly successful results based on their operational and programmatic performance objectives. The Plan is in line with the past 25 years of success and continues to ensure the organization operates within the intention of their charter.

The strategic plan focuses the Organization on "what does success look like" for the students they serve and for their community as well as addressing the next 25 years and maximizing impact. The Palm Beach County School District has been a partner of the Organization since its inception and provides an excellent laboratory environment to grow and develop new and innovative programming.

Form of Organization

The Organization qualifies as a not-for-profit entity in accordance with Section 501 (c)(3) of the Internal Revenue Code in Palm Beach County.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Basis of Accounting

The Organization's financial statements have been prepared using the accrual basis for accounting which recognizes support and revenue when earned and expenses when incurred.

Net assets and changes therein are classified as follows:

- ***Net assets without donor restrictions*** – net assets not subject to donor-imposed stipulations are presently available for use by the Organization in all general operations and programming purposes at the discretion of management with oversight from the Board of Directors.
- ***Net assets with donor restrictions*** – net assets whose use is limited by donor-imposed stipulations that either expire by passage of time or by meeting the stated purpose or condition. These also include nets assets subject to donor-imposed stipulations that require they be maintained in perpetuity.

Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. A summary of the changes to the Organization's financial statements are as follows:

Statement of Financial Position

- The new standard reduces the classes of nets assets from three (unrestricted, temporarily restricted and permanently restricted) to two (with donor restrictions and without donor restrictions). The Organization currently holds no net assets with donor restrictions.

Notes to the Financial Statements

- Disclosures of the expenses netted against investment return is no longer required.
- Enhanced quantitative and qualitative disclosures are required to provide additional information useful in assessing liquidity and cash flows available to meet operating expenses for one year from the date of the Statement of Financial Position.
- Enhanced disclosures about the amounts and purposes of governing board designations, appropriations, and similar actions that result in self-imposed limits on the use of resources without donor-imposed restrictions.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Change in Accounting Principle (continued)

Notes to the Financial Statements *(continued)*

- Required disclosures of the composition of net assets with donor restrictions and how the restrictions affect the use of resources.
- Enhanced disclosures of the total amount of expenses by both their natural classification and their functional classification in one location as a separate statement or in the notes to the financial statements.
- Enhanced disclosures for methods used to allocate costs among program services and support services functions.

Long Lived Assets

- Use, in the absence of explicit donor stipulations, the placed-in-service approach for reporting the expirations of restrictions on gifts of cash or other assets to be used to acquire or construct a long-lived asset and reclassify any amounts from net assets with donor restrictions to net assets without donor restrictions for such long-lived assets that have been placed in service as of the beginning of the period of adoption.

Accounting 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 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 public support and revenue, and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue Recognition

The Organization follows FASB ASC 958-605, *Not-for-Profit Entities Revenue Recognition*. Contributions received are recognized at fair value, including unconditional promises to give, which are recorded when the promise is made. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted for future periods (time restriction) or are restricted by the donor for specific purposes (purpose restriction) are reported as support with donor restrictions.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without restrictions and are reported in the statement of activities as net assets released from donor restrictions. Awards with a donor restriction that expires or is met in the same fiscal period that the award is received are reported as increases in net assets without donor restrictions. All promises to give for capital construction purposes are accounted for as capital campaign revenue and considered to be support with donor restrictions since these amounts represent promises to give with a specific purpose intended. Once the construction project is placed in service, all related net assets with donor restrictions are reclassified as net assets without donor restrictions. Grants or contributions given to complete additional phases or significant additions to a construction project are then classified again as support with donor restrictions until the specific project/phase is completed.

The Organization receives various grants from state, local and private agencies for program and supporting services. These grants are often funded on a cost reimbursement basis. Revenues from these types of grants are recognized in the statement of activities when expenditures are incurred for the purpose specified and included in revenues and support not subject to donor restrictions.

Tuition from programs and classes are recorded when held, net of scholarships awarded to students.

Special events revenue is recognized in the period the event occurs.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Donated Services

The Organization recognizes the fair value of donated services received if such services: (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not contributed.

Pledges Outstanding

Pledges outstanding are recorded as revenue when the donor makes a promise to give to the Organization that is, in substance, unconditional. The Organization uses the allowance method to determine estimated uncollectible amounts. The provision is based upon previous years' experience and management's analysis of specific promises made on an individual basis.

Functional Allocation of Expenses

The costs of providing the various programs and other activities of the Organization have been summarized in the accompanying statement of activities on a functional basis. Accordingly, certain shared costs have been allocated among program and support services based on estimates made by management and direct identification when possible.

During the construction phases of capital construction projects, certain functional expenses may be allocated and capitalized to the capital construction account on the balance sheet as allowable during pre-construction and construction phases of project implementation. The capitalized expenditures represent time and costs attributable to the construction project during the construction phase.

Cash and Cash Equivalents

For purposes of the *Statement of Cash Flows*, the Organization considers all highly liquid investments available for current use with an initial maturity of three (3) months or less to be cash equivalents.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and Fair Value Measurement

The Organization applies the U.S. GAAP authoritative guidance for *Fair Value Measurements and Disclosures,* which defines fair value, establishes a framework for measuring fair value and requires certain disclosures about fair value measurements used to measure fair value.

The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets

Level 2 – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the marketplace's perceived risk of that instrument. The measurement of assets and liabilities, which are presented in Note 4, are classified within the hierarchy based on the lowest (or least observable) input that is significant to the measurement. Management's assessment of the significance of an input requires judgement, which may affect the valuation and classification within the fair value hierarchy.

The organization transferred its board designated endowment monies into a beneficial interest in assets held with the Community Foundation for Palm Beach and Martin Counties and managed by external professional investment consultants who invest according to guidelines established by the Foundation's Investment Committee. Assets in the pool are allocated amongst several asset classes with various income and growth objectives (i.e. global public equity, global private equity, fixed income, liquid income, real assets) carried at fair value based on quoted prices in active markets when available.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Investments and Fair Value Measurement ***(continued)***

The individual funds held with the Foundation share investment earnings, as well as realized and changes in unrealized appreciation (depreciation) on investments, based on each fund's pro-rata share of the total dollar amount of all funds in the pool. Earnings distributable in accordance with the annual grant spending policy of the Foundation are included in revenues without donor restrictions in the accompanying statement of activities.

Property and Equipment

Land is carried at cost. Donations of property and equipment are recorded as support at their estimated fair value at the time of donation. Such donations are reported as support without donor restrictions, unless the donor has restricted the donated asset to a specific purpose. Purchased and constructed property and equipment are recorded at cost for expenditures equal to or in excess of $1,500 and whose useful life is greater than one year. All property and equipment are depreciated/amortized using the straight-line method over the estimated useful life of the asset.

Art and Collections

The Organization holds various pieces of art created by local artists, with an estimated value of $47,500. The Organization has adopted a policy of not capitalizing art or collections in its financial statements. Accordingly, no collection items are recognized as assets, whether they are purchased or received as a donation. Purchases of collection items reduce net assets in the period when purchased. Proceeds from sales or insurance recoveries are recorded as increases in net assets when received. It is the policy of the Organization that proceeds from the sale of any donated collection items are to be used to purchase additional collection items. No items were purchased for or removed from the collection during the year ended September 30, 2019.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, therefore, no provision for income taxes is reflected in the financial statements. The Organization is, however, subject to federal income tax on any unrelated business income. Management has determined that the Organization has no unrelated business income during the year ended September 30, 2019 and believes it has conducted its operations in accordance with, and has properly maintained, its tax-exempt status. The Organization's information returns are subject to examination, generally for three years after the filing date.

Significant Concentrations of Cash or Credit Risk

Cash balances are maintained with financial institutions in South Florida. Accounts with financial institutions are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. As of September 30, 2019, the Organization's cash balances held at financial institutions exceeded FDIC limits. The Organization has not historically experienced any losses and believes it is not exposed to significant credit risk on cash and cash equivalents.

Credit risk for outstanding promises to give is concentrated because substantially all of the balances are receivable from individuals located within the same geographic region.

Advertising and Promotion

The Organization follows the policy of charging the costs of advertising and promotion to expense as incurred. Advertising and promotional expense for the year totaled $10,438.

NOTE 1 – NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Board-Designated Endowment Funds

The Board of Directors has designated a portion of its net assets without donor restrictions for future operating expenditures and special projects. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed stipulations. The goal of the Organization's investment program is to achieve a total rate of return and long-term growth necessary to respond to future needs. To achieve these goals, the Board has specified that board designated additions and earnings not subject to donor restrictions from the fund be retained and reinvested, except upon approval of the Board, whose approval shall allow the funds to be used for the operations of the Organization.

Net Assets

Net assets without donor restrictions are presently available for use by the Organization at the discretion of management with oversight from the Board of Directors. Net assets with temporary donor restrictions are expendable only for purposes and/or during time periods specified by the donor. Net assets with permanent donor restrictions are subject to donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by the actions of the Organization. The Organization does not have any donor-imposed permanently restricted net assets.

NOTE 2 – PROMISES TO GIVE

Promises to give consist of the following:

	September 30, 2019
Promises with donor restrictions:	
Time restricted grants/foundations	$ 201,730
Promises without donor restrictions:	
Grants/Foundations	6,315
TOTAL	$ 208,045

See independent auditors' report.

NOTE 2 – PROMISES TO GIVE *(continued)*

Pledges and grants receivable within one year	$ 208,045
Pledges and grants receivable within two to five years	-
TOTAL	$ 208,045

All promises to give are receivable within one to three years, accordingly, no adjustment for the present value of estimated future cash flows has been made. Management periodically contacts donors throughout the year and assesses individually any outstanding promises to give during the course of the year for collectability. As there have been no collection issues in the past recent years, no additional reserves have been recorded.

NOTE 3 – INVESTMENTS

Investments are comprised of the following at September 30, 2019, stated at fair value.

	Cost	Fair Value
Beneficial Interest in Assets held at the Community Foundation for Palm Beach and Martin Counties	930,685	1,043,751
Total	$ 930,685	$ 1,043,751

The Organization's investment income consists of the following for the year.

Interest and dividend income	$ -
Net realized gain (loss)	-
Net unrealized gain (loss)	30,144
	$ 30,144

The organization paid investment fees of $10,057 for the year.

See independent auditors' report.

NOTE 4 – FAIR VALUE MEASUREMENTS

The following table summarizes the valuation of the organization's financial assets measured and recorded at fair value on a recurring basis at September 30, 2019, based on the level of input utilized to measure fair value:

	Fair value measurements at September 30, 2019			
	Level 1	**Level 2**	**Level 3**	**Total**
Beneficial Interest in Assets (a)	-	-	1,043,751	1,043,751
Total	$ -	-	$ 1,043,751	$ 1,043,751

The table below sets forth a summary of changes in the fair value of the organization's Level 3 assets:

Fair value as of September 30, 2018	1,023,664
Purchase of investments	-
Net realized/unrealized gains	30,144
Investment fees paid out of acct	(10,057)
Fair value as of September 30, 2019	$ 1,043,751

All unrealized gains and losses on the investments are included in the statement of activities.

(a) Shares in the beneficial interest in assets held at the Community Foundation for Palm Beach and Martin Counties are not traceable to specific equities or underlying assets, but rather allocated based on the value of the total pool which is also comprised of equity funds, real estate, liquid and fixed income assets which may use pricing models to determine fair value and are therefore determined to be Level 3 inputs.

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

		September 30, 2019
Buildings	$	5,895,018
Instruments & program equipment		21,752
Furniture, fixtures & equipment		669,152
Unamortized loan costs		103,487
Less: Accumulated depreciation/amortization		(1,387,096)
Land		433,126
TOTAL	$	5,735,439

Depreciation and amortization expense for the period ended September 30, 2019, was $245,815. There were no interest costs capitalized to "Unamortized interest and loan costs" during the year ended September 30, 2019. All balances in this account pertain to original loan costs of phases of construction that were completed in 2013.

NOTE 6 – OPERATING LEASE AGREEMENTS

The Organization rents certain office equipment under month-to-month operating leases totaling $9,105, renewable on an annual basis.

NOTE 7 – LINE OF CREDIT

The Organization holds an operating line of credit with PNC Bank, with a balance available of $50,000. It is a revolving, unsecured line with no guarantors. Interest is assessed at a floating rate of Prime plus 4.75%. Repayments are due monthly. During the year ended September 30, 2019, no funds were drawn against the line of credit.

NOTE 8 – LONG TERM DEBT

Long-term debt consists of the following:

Mortgage totaling $276,290 to a financial institution payable in monthly principal installments of $3,461 including interest at 3.5% through June 30, 2027 at which time a balloon payment of the remaining principal comes due.

Principal payments due for each of the years subsequent to September 30, 2019, are as follows:

2020	$	32,473
2021		33,628
2022		34,824
2023		36,063
2024 and beyond		139,302
Total long-term debt	$	276,290

NOTE 9 – DONATED SERVICES, MATERIALS, AND FACILITIES

Donated services from artists are not generally recognized because the amounts are typically immaterial. Other donated items recognized include program equipment and supplies. Donated items or in-kind donations of significant value, when received, are recorded as contribution support without donor restrictions with a corresponding charge to the appropriate programming or office expense account.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions generally consist of funds and promises-to-give that have been allocated to capital projects or provided for future programming. During the year ended September 30, 2019, $242,069 was released from time restriction for programming purposes that was provided during the year.

The breakdown of net assets with donor restrictions is as follows:

Time restricted grants and pledges for future programming (to be provided within one year)	$	201,730
Total net assets with donor restrictions	$	201,730

NOTE 11 – ENDOWMENT NET ASSETS

The Organization's endowment consists of a board designated endowment in which individual donor gifts may be made at any time. The board established spending policy allows for only a portion of annual earnings in the endowment account to be available for distribution each year. Endowment net asset composition by type of fund as of September 30, 2019, is as follows:

	Board Designated-Unrestricted	Temporarily Restricted	Total
Board Designated - additions	930,685	-	930,685
Earnings on endowment	113,066	-	113,066
Total	$ 1,043,751	$ -	$ 1,043,751

See independent auditors' report.

NOTE 11 – ENDOWMENT NET ASSETS *(continued)*

Changes in endowment net assets for the year ended September 30, 2019 were as follows:

	Board Designated-Unrestricted	Temporarily Restricted	Total
Endowment net assets, beginning of year	1,023,664	-	1,023,664
Contributions	-	-	-
Investment gains (losses)	30,144	-	30,144
Philanthropic fees	(10,057)	-	(10,057)
Endowment net assets, end of year	$ 1,043,751	$ -	$ 1,043,751

NOTE 12 – LIQUIDITY AND AVAILABILITY

The Organization strives to maintain liquid financial assets sufficient to cover 8 months operating costs. The purpose of cash reserves held in certain bank accounts and the endowment fund is to ensure the business can continue operations uninterrupted.

The following table reflects the Organization's liquid financial assets that are available within one year as of September 30, 2019, to fund general expenditures and other obligations as they become due.

Cash and cash equivalents	621,904
A/R and other current receivables	63,045
Pledges and grants outstanding	145,000
Endowment Fund	1,043,751
	$ 1,873,700

See independent auditors' report.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Pay Down of Debt

The Organization holds a mortgage with a financial institution, with an outstanding balance of $276,290 at September 30, 2019. The loan is due and payable in monthly payments through June 2027, with interest at 3.5%.

Grant from the State of Florida

In October 2015, the Organization received a $500,000 Cultural Facilities grant from the State of Florida to continue additional phases of the building renovation. The grant includes a restrictive covenant that binds the ownership and use of the building as a "cultural facility" for a minimum of ten years. A second grant totaling $400,000 was received from the State of Florida in 2016/2017, which included a second restrictive covenant, extending the restrictions on use of the building through 2027.

NOTE 14 – RELATED PARTY TRANSACTIONS

The Organization has business accounts at PNC bank and First Republic bank. There are members on the Organization's Board of Directors from each of these institutions, however, neither of these individuals are directly involved with the management of the accounts. The Organization also receives in-kind services from time to time from other board members such as legal and consulting services. When these transactions occur, the in-kind donation is recorded as a contribution with a corresponding expense recorded against the service type provided, in accordance with accounting policies and procedures.

NOTE 15 – SUBSEQUENT EVENTS

Management's Assessment

Subsequent events have been evaluated through February 12, 2020, the date which the financial statements were available to be issued.

NOTE 15 – SUBSEQUENT EVENTS *(continued)*

Charity Navigator Public Not-For-Profit Rating

Charity Navigator (the "agency") is one of the nation's largest and most-utilized evaluators of charities. The agency evaluates more than 9,000 charitable organizations in the United States utilizing a rating system that examines both Financial Health and Accountability & Transparency. The ratings system, 1-star (*) to 4-stars (****), indicates how efficiently a charity has been determined to use their support, how well it has sustained its programs and services over time, and their level of commitment to good governance according to the agency's evaluation criteria. In 2019, for the fourth year in a row, the Center for Creative Education received a 4-star rating. CCE also received a 100% perfect score for its "Accountability and Transparency". This achievement is something that only 75 other charities have attained; and only 3 charities have earned this honor in the category of education. This perfect score identifies CCE as fiscally responsible and is an indicator that the Organization adheres to sector best practices and executes it mission in a financially efficient way.