

**CREATIVE ARTS WORKSHOPS FOR KIDS, INC.
DBA CREATIVE ART WORKS**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEARS ENDED
AUGUST 31, 2020 AND 2019**



**CREATIVE ARTS WORKSHOPS FOR KIDS, INC.
DBA CREATIVE ART WORKS**

TABLE OF CONTENTS

Independent Auditor's Report	1 - 2
Statements of Financial Position	3
Statements of Activities and Changes in Net Assets	4
Statements of Cash Flows	5
Statements of Functional Expenses	6
Notes to Financial Statements	7 - 17

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works

We have audited the accompanying financial statements of Creative Arts Workshops for Kids, Inc. DBA Creative Art Works (a nonprofit organization), which comprise the statement of financial position as of August 31, 2020, and the related statement 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 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Creative Arts Workshops for Kids, Inc. DBA Creative Art Works as of August 31, 2020, and the related statements of activities and changes in net assets, cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Creative Arts Workshop for Kids' 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 31, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended August 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Padilla and Company, LLP

Jamaica, New York
October 31, 2020

CREATIVE ARTS WORKSHOPS FOR KIDS, INC.
DBA CREATIVE ART WORKS
Statements of Financial Position
As of August 31, 2020 and 2019

ASSETS	2020	2019
Current Assets		
Cash and cash equivalents (Notes 2 and 4)	\$ 667,266	\$ 411,015
Account receivables (Notes 2 and 5)	122,406	178,453
Prepaid expense	5,714	17,683
Other assets	-	1,318
Total current assets	795,386	608,469
Non-current Assets		
Fixed assets, net (Notes 2 and 6)	4,674	7,910
Total non-current assets	4,674	7,910
Total Assets	\$ 800,060	\$ 616,379
LIABILITIES AND NET ASSETS		
Current Liabilities		
Account payables and accrued expenses (Note 7)	\$ 66,063	\$ 52,893
Pay check protection program (PPP) loan (Note 8)	144,738	-
Total current liabilities	210,801	52,893
Net Assets		
Without donor restrictions	550,559	516,676
With donor restrictions (Note 9)	38,700	46,810
Total net assets	589,259	563,486
Total Liabilities and Net Assets	\$ 800,060	\$ 616,379

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

CREATIVE ARTS WORKSHOPS FOR KIDS, INC.
DBA CREATIVE ART WORKS
Statements of Activities and Changes in Net Assets
For the fiscal years ended August 31, 2020 and 2019

	Without Donor Restriction	With Donor Restriction	2020 Total	2019 Total
REVENUES				
Fundraising and special events	\$ 661,977	\$ -	\$ 661,977	\$ 795,008
In-kind contributions (Note 10)	98,850	-	98,850	203,249
Program and earned income (Note 11)	114,746	-	114,746	193,076
Contributions (Note 12)	201,672	31,000	232,672	274,934
Government grants (Notes 13)	-	171,700	171,700	164,810
Interest and miscellaneous income	63	-	63	115
Total Revenues	1,077,308	202,700	1,280,008	1,631,192
EXPENSES				
Program services	840,160	-	840,160	1,111,847
Administration	132,619	-	132,619	125,367
Fundraising	182,606	-	182,606	233,104
In-kind expense	98,850	-	98,850	203,249
Total Expenses	1,254,235	-	1,254,235	1,673,566
Change in Net Assets	(176,927)	202,700	25,773	(42,374)
Net assets at the beginning of year	516,676	46,810	563,486	605,860
Net assets released from restrictions	210,810	(210,810)	-	-
Net assets at the end of the year	\$ 550,559	\$ 38,700	\$ 589,259	\$ 563,486

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

CREATIVE ARTS WORKSHOPS FOR KIDS, INC.
DBA CREATIVE ART WORKS
Statements of Cash Flows
For the fiscal years ended August 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Increase in net assets	\$ 25,773	\$ (42,374)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation (Note 6)	5,636	6,407
Decrease (increase) in accounts receivables and other asset	57,365	(71,621)
Decrease(increase) in prepaid expense	11,969	(11,634)
Increase in accounts payable and accrued expenses	13,170	19,815
Net cash provided by (used for) operating activities	113,913	(99,407)
Cash flows from financing activities:		
PPP Loan	144,738	-
Net cash provided by financing activities	144,738	-
Cash flows from investing activities		
Purchase of fixed assets (Note 6)	(2,400)	(1,530)
Net cash used for investing activities	(2,400)	(1,530)
Net increase (decrease) in cash and cash equivalents	256,251	(100,937)
Cash and cash equivalents at beginning of year	411,015	511,952
Cash and cash equivalents at end of fiscal year	\$ 667,266	\$ 411,015

CREATIVE ARTS WORKSHOPS FOR KIDS, INC.
DBA CREATIVE ART WORKS
Statements of Functional Expenses
For the fiscal years ended August 31, 2020 and 2019

	Program Services	General & Administrative	Fundraising	Total	In Kind				2020 Total	2019 Total
					Program Services	General & Administrative	Fundraising	Total		
Personnel Services										
Salaries	\$ 581,854	\$ 63,820	\$ 116,648	\$ 762,321	\$ -	\$ -	\$ -	\$ -	\$ 762,321	\$ 935,198
Fringe benefits	95,896	13,588	22,791	132,275	-	-	-	-	132,275	157,431
Total Personnel Services	677,750	77,408	139,439	894,596	-	-	-	-	894,596	1,092,629
Other than Personnel Services (OTPS)										
Rent and occupancy	-	-	-	-	73,471	9,699	13,579	96,749	96,749	165,161
Professional fees	62,905	6,042	10,885	79,832	-	-	-	-	79,832	71,006
Office expense	36,200	7,439	7,070	50,709	-	-	-	-	50,709	99,835
Software	8,041	6,158	6,522	20,720	-	-	-	-	20,720	19,381
Insurance	10,735	6,083	1,751	18,569	-	-	-	-	18,569	18,045
Payroll service fees	-	16,367	-	16,367	-	-	-	-	16,367	23,960
Outside Contract Services	16,352	-	-	16,352	-	-	-	-	16,352	26,879
Communications and IT Expense	9,398	1,050	2,083	12,531	-	304	-	304	12,835	20,440
Bank, credit card fees and investment fee	-	1,011	10,341	11,352	-	-	-	-	11,352	9,985
Facility and Equipment	5,992	847	1,191	8,031	-	-	-	-	8,031	12,318
Travel, meeting and conference	4,876	411	372	5,659	-	-	-	-	5,659	15,527
Depreciation (Note 6)	-	5,635	-	5,636	-	-	-	-	5,636	6,407
Food and beverages	2,119	2,227	173	4,519	-	-	-	-	4,519	40,260
Reproduction cost	3,757	-	-	3,757	-	-	-	-	3,757	1,205
Advertising, marketing and promotions	2,035	-	1,214	3,249	-	-	-	-	3,249	4,238
Art supplies	-	-	-	-	1,798	-	-	1,797	1,797	22,178
Stipends and Benefit	-	-	1,195	1,195	-	-	-	-	1,195	4,031
Staff development	-	-	372	372	-	-	-	-	372	1,094
Other expenses	-	1,940	-	1,940	-	-	-	-	1,940	18,987
Total OTPS	162,410	55,211	43,167	260,789	75,269	10,003	13,579	98,850	359,639	580,937
Total Expenses	\$ 840,160	\$ 132,619	\$ 182,606	\$ 1,155,385	\$ 75,269	\$ 10,003	\$ 13,579	\$ 98,850	\$ 1,254,235	\$ 1,673,566

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

Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works
Notes to Financial Statements
For the fiscal years ended August 31, 2020 and 2019

NOTE 1 ORGANIZATION AND NATURE OF BUSINESS

Creative Arts Workshops for Kids, Inc. DBA Creative Art Works (the "Organization" and "CAW") is a nonprofit corporation incorporated in the State of New York on November 14, 1991. CAW's mission is to empower young people through the visual and multimedia arts. CAW serves thousands of young people each year throughout New York City (primarily in Upper Manhattan), through in-school and out-of-school-time classes, community art-making events, and public art youth employment programs. CAW's programs equip children, teens and young adults with essential tools and skills; connect them with community, academic success and career opportunities; and inspire them to reach for new possibilities. Students are never charged for participation.

Creative Arts Workshops for Kids, Inc.'s main activities include the following:

Public Youth Employment Programs. These program offers apprenticeships to develop youth tangible employment skills, as well as life skills such as leadership, teamwork, the power of taking initiative and responsibility.

Out of School Time Art Programs. These programs provide K-12 students with enriching, educational activities outside of the regular school day. Programs were conducted in after-school settings and on Saturdays, in NYC public schools, community and cultural centers, and ACS's foster care facility. Programs ran for a range of 8-14 weeks and often in consecutive semesters, providing safe and engaging educational environments for creative self-expression.

In School Arts Programs. These programs s include arts integration programs in anatomy and physiology, earth sciences, and the humanities. Specialized curricula included lessons tailored for Emerging Bilingual Students, English Language Learners, and honors students on a HS medical track. In each case, CAW's professional teaching artists collaborated with school teaching staff and administrators to align lesson plans with the core curriculum, showing demonstrable impacts on academic behaviors and performance.

General and Administrative. This includes function necessary to provide support for the organization's program activities. This includes activities that provide governance, oversight, business management, financial recordkeeping, budgeting, legal services, human resource management, and similar functions that ensure an adequate working environment and equitable employment program.

Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works
Notes to Financial Statements
For the fiscal years ended August 31, 2020 and 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Basis of Accounting and Financial Statement Presentation

The financial statements of the organization have been prepared on an accrual basis of accounting in conformity with Generally Accepted Accounting Principles (“GAAP”) for Not-for-Profit organizations and accordingly reflect all significant receivables, payables, and other liabilities.

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC) in its Statement No. 958-205, Financial Statements of Not-for-Profit Organizations, as updated by ASU 2016-14. Under ASU 2016-14, CAW is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions.

Net Assets without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of CAW, the environment in which it operates, the purposes specify in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets with Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. CAW’s unspent contributions are classified in this class if the donor limited their use.

When a donor’s restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the use of the related resources is subject to donor restrictions. All expenses and net losses are reported as decreases in net assets without donor restrictions.

Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works
Notes to Financial Statements
For the fiscal years ended August 31, 2020 and 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting year and the reported amounts of assets and liabilities at the date of the financial statements. On an ongoing basis, the Organization's management evaluates the estimates and assumptions based upon historical experience and various other factors and circumstances. The Organization's management believes that the estimates and assumptions are reasonable in the circumstances; however, the actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are short term, interest bearing, highly liquid investments with original maturities of three months or less, unless the investments are held for meeting restrictions of a capital or endowment nature.

Receivables

Receivables are stated at the amounts the Organization expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts.

Fixed Assets

Fixed Assets are reported in the statement of financial position at cost, if purchased, and at fair value at the date of donation, if donated. Computer, equipment, and software are capitalized if it has a cost of \$500 or more and a useful life when acquired of more than 1 year. Repairs and maintenance that do not significantly increase the useful life of the asset are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Computer and Equipment	3 years
Software	3 years

Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works
Notes to Financial Statements
For the fiscal years ended August 31, 2020 and 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

Contributions are presented in accordance with the recommendations of ASC Statement No. 958-605, Accounting for Contributions Received and Contributions Made, whereby contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of donor restrictions.

Contributions, including unconditional promises to give, are recognized when received. All contributions are reported as increases in unrestricted net assets unless use of the contributed assets is specifically restricted by the donor. Amounts received that are restricted by the donor to use in future years or for specific purposes are reported as increases in either temporarily restricted or permanently restricted net assets, consistent with the nature of the restriction. Unconditional promises with payments due in future years have an implied restriction to be used in the year the payment is due, and therefore are reported as temporarily restricted until the payment is due unless the contribution is clearly intended to support activities of the current fiscal year or is received with permanent restrictions. Conditional promises, such as matching grants, are not recognized until they become unconditional, that is, until all conditions on which they depend are substantially met.

Gifts-in Kind Contributions

The Organization receives contributions in a form other than cash. Donated use of facilities is reported as contributions and as expenses at the estimated fair value of similar space for rent under similar conditions. Donated advertising time is reported as contribution and as expenses at the estimated fair value as specified by the donor. Donated supplies are recorded as contributions at the date of gift and as expenses when the donated items are placed into service or distributed.

Grant Awards

Grant awards received for a specific purpose are recognized as support to the extent of the related expenses incurred in compliance with the specific restrictions.

Donated Facilities

Donated facilities or the use of facilities for free or at below-market rate are also presented in accordance with ASC Statement No. 958-605 *Accounting for Contributions Received and Contributions Made* (formerly SFAS No. 116), which requires that donated facilities be recorded at fair value.

Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works
Notes to Financial Statements
For the fiscal years ended August 31, 2020 and 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Expenses associated with a specific program, representing the vast majority of charges and including salaries and fringe benefits, are charged directly to that program. Transactional charges with costs common to multiple programs have been allocated based on actual costs of goods or services as estimated by program operations and further reviewed and approved by management.

Salaries and related fringe benefits that are not directly coded to a specific program are allocated periodically by percentage, based on associated time and effort, as estimated by department managers and further reviewed and approved by executive management.

Shared or indirect expenses other than personnel are allocated among program, general and administrative, and fundraising functions based on percentage of salaries or actual usage, as estimated by department managers and further reviewed and approved by executive management.

General and administrative expenses include those costs that are not directly attributable to any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

Vacation and Sick Leave

CAW provides full-time employees paid time off for planned absences, such as vacation, and unplanned absences for various personal reasons. Full time employees are eligible for time off work with pay for reasons specified in the New York City Paid Safe and Sick Leave Law and CAW's employee handbook. The pay rate is based on the employee's salary at the time the leave is taken. Unused paid time off time will not carryover from one year to the next.

Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works
Notes to Financial Statements
For the fiscal years ended August 31, 2020 and 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Tax Status

The Organization is incorporated exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code (IRC) though it would be subject to tax on income unrelated to its exempt purposes (unless that income is otherwise excluded by the IRC). The tax years ending 2015, 2016, and 2017 are still open to audit for both federal and state purposes. Contributions to the Organization are tax deductible to donors under Section 170 of the IRC. The Organization is not classified as a private foundation.

Reclassifications

Certain reclassifications may have been made to prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or net assets

NOTE 3 CONCENTRATION OF CREDIT RISKS

Financial instruments that potentially subject the Organization to concentration of credit risk consist principally of cash accounts in a financial institution which at times exceed the federal depository insurance coverage limit of \$250,000. However, the Organization has not experienced any losses.

NOTE 4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of demand deposits, savings accounts, and cash on hand. Cash equivalents are defined as short-term highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

Cash and cash equivalents as of August 31, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Cash in Bank:		
High-yield Savings Account	\$ 120,578	\$ 120,515
Checking Account	541,248	284,859
Cash in Broker Account	4,992	4,996
Total Cash in Bank	<u>666,818</u>	<u>410,370</u>
Petty Cash	448	645
Total	<u>\$ 667,266</u>	<u>\$ 411,015</u>

The maximum FDIC insurance is \$250,000 per insured bank.

Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works
Notes to Financial Statements
For the fiscal years ended August 31, 2020 and 2019

NOTE 5 ACCOUNT RECEIVABLES

Account receivables as of August 31, 2020 and 2019 consists of:

	<u>2020</u>	<u>2019</u>
Department of Cultural Affairs	\$ 38,160	41,465
CASA	20,000	20,000
Beacon Capital	15,000	-
Rockefeller	15,000	-
Administration for Childrens Services	-	16,711
A. Philip Randolph	-	16,000
PAL	-	15,000
Building Contractors Association	-	10,000
Cushman & Wakefield	-	10,000
The Cornell Family Foundation	-	10,000
Others	34,246	39,277
Total	<u>\$ 122,406</u>	<u>\$ 178,453</u>

As of audit report date, a total of \$22,030 receivables were subsequently collected.

NOTE 6 FIXED ASSETS

Fixed Assets as of August 31, 2020 and 2019 consist of:

	<u>Software</u>	<u>Computer & Equipment</u>	<u>Total</u>
Cost			
At August 31, 2019	\$ 12,399	\$ 81,370	\$ 93,769
Additions	-	2,400	2,400
At August 31, 2020	<u>12,399</u>	<u>83,770</u>	<u>96,169</u>
Accumulated depreciation			
At August 31, 2019	12,399	73,460	85,859
Depreciation	-	5,636	5,636
At August 31, 2020	<u>12,399</u>	<u>79,096</u>	<u>91,495</u>
Net book value			
At August 31, 2019	-	7,910	7,910
At August 31, 2020	<u>\$ -</u>	<u>\$ 4,674</u>	<u>\$ 4,674</u>

Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works
Notes to Financial Statements
For the fiscal years ended August 31, 2020 and 2019

NOTE 7 ACCOUNT PAYABLES AND ACCRUED EXPENSES

Account payables and accrued expenses as of August 31, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Deferred Compensation	\$ 17,204	\$ -
Accrued Payroll	15,294	2,481
Fiscal Management Associates	10,424	6,000
Chase Credit Card	9,880	21,768
Padilla and Company, LLP	7,000	7,000
Others	6,261	15,644
Total	<u>\$ 66,063</u>	<u>52,893</u>

As of audit report date, a total of \$31,351 account payables and accrued expenses were subsequently paid.

NOTE 8 PAYCHECK PROTECTION PROGRAM (PPP) LOAN

Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll during the COVID-19 crisis. The Small Business Administration will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses. CAW obtained PPP loan amounted to \$144,738 on May 1, 2020 and it was subsequently forgiven on November 25, 2020.

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of August 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
DCLA Cultural Development Fund	\$ 31,200	\$ 22,810
West Harlem Development Corp	7,500	19,000
NYC Council Member Mark Levine	-	5,000
Total	<u>\$ 38,700</u>	<u>\$ 46,810</u>

Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works
Notes to Financial Statements
For the fiscal years ended August 31, 2020 and 2019

NOTE 10 IN-KIND CONTRIBUTIONS

In-kind contributions as of August 31, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Donated use of facilities	\$ 96,749	\$ 165,161
Donated goods	1,797	28,058
Donated services	304	10,030
Total	<u>\$ 98,850</u>	<u>\$ 203,249</u>

NOTE 11 PROGRAM AND EARNED INCOME

Program and earned income as of August 31, 2020 and 2019 consist consists of:

	<u>2020</u>	<u>2019</u>
Program Service Fees	\$ 108,732	\$ 119,249
Sale of Art	6,000	72,390
Others	14	1,437
Total	<u>\$ 114,746</u>	<u>\$ 193,076</u>

NOTE 12 CONTRIBUTIONS

Contributions as of August 31, 2020 and 2019 consist consists of:

	<u>2020</u>	<u>2019</u>
Corporations	\$ 76,398	\$ 84,496
Individuals	63,167	54,991
Foundations	61,500	111,750
Board Members	31,607	23,697
Total	<u>\$ 232,672</u>	<u>\$ 274,934</u>

Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works
Notes to Financial Statements
For the fiscal years ended August 31, 2020 and 2019

NOTE 13 GOVERNMENT GRANTS

Government grants as of August 31, 2020 and 2019 consist of:

	<u>2020</u>	<u>2019</u>
Cultural After-School Adventures (CASA) Initiative	\$ 100,000	\$ 100,000
Department of Cultural Affairs	31,200	39,810
Cultural Immigrant Initiative	25,000	25,000
NYS Council	12,000	-
Manhattan Borough President - Community Grant	3,500	-
Total Government Grants	<u>171,700</u>	<u>164,810</u>

NOTE 14 FUTURE PROGRAM AUDITS

Reimbursements from grant related expenses and overhead applicable to programs conducted under contract with the city, state, and federal government are subject to audit which may result in adjustments for disallowances. The amount of the disallowance, if any, cannot be determined. Therefore, no provision is made for these potential liabilities.

NOTE 15 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

CAW has cash receipts attributable to donations from various donors. Those funds could be used for general expenditures. The following reflects the CAW's financial assets as of balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	<u>2020</u>	<u>2019</u>
Financial assets, at year-end:		
Cash and cash equivalents	\$ 667,266	\$ 411,015
Account receivable	122,406	178,453
Total Financial Assets	789,672	589,468
Less: Donor restrictions for specific purpose	(38,700)	(46,810)
Financial assets available for general expenditures within one year	<u>\$ 750,972</u>	<u>\$ 542,658</u>

Creative Arts Workshops for Kids, Inc.
DBA Creative Art Works
Notes to Financial Statements
For the fiscal years ended August 31, 2020 and 2019

NOTE 15 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (continued)

As part of Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization strives to maintain liquid financial assets sufficient to cover ninety (90) days of general expenditures. The Board and management believe its liquidity is adequate to meet current obligations as they become due. It also believes the Organization's finances are strong enough to obtain short term financing from its bankers if need be.

NOTE 16 LINES OF CREDIT

The Organization has a line of credit agreement with Chase Bank for \$100,000. The line bears interest rate of 2.30% Rate Per Annum Above the Prime Rate. Interest is computed on the unpaid principal balance from the date of each borrowing. There were no borrowings against the line of credit at August 31, 2020.

NOTE 17 SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 31, 2020, the date which the financial statements were available for issue. Nothing came to our attention warranting adjustment or disclosure.

In early March 2020, the COVID-19 virus was declared a global pandemic, and it unfortunately continues to spread rapidly. After August 31, 2020, the Covid-19 virus continued to impact business continuity, including supply chains and consumer demand across a broad range of industries and countries, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its operations during this time. No adjustments have been made to these financial statements as a result of this uncertainty.

