



# CHILDREN'S CREATIVITY MUSEUM

## Financial Statements

*June 30, 2014 and 2013*

*With Independent Auditors' Report*



# CHILDREN'S CREATIVITY MUSEUM

(A California Not-For-Profit Corporation)

June 30, 2014

The Children's Creativity Museum (CCM) is a hands-on, interactive arts and technology experience for kids. Our mission is to nurture the 3Cs of 21st-century skills - Creativity, Collaboration and Communication - in all youth and families. We believe that the success of the next generation will hinge not only on what they know, but also on their ability to think and act creatively as global citizens.

Since our founding in 1998, CCM has grown to serve annually more than 150,000 youth, ranging from ages 2 to 18, and their families through our general admissions experience, Children's Creativity Carousel, and various public and educational programs. Additionally, about 6,500 K-12 students in our field trip program learn basic creative and technical skills through the creation of collaborative projects like clay animations, music videos, and fictional newscasts. Our C.I.T.Y. teen internship program annually trains up to 60 teens in customer service, leadership development, and other transferable job skills. More than 25 percent of our programs are fee-waived in order to remove cost as a barrier to participation for youth and families from low-income and under-resourced communities.

Since the organization's re-launch in 2011, CCM has experienced double-digit growth in weekly attendance, new memberships, and traffic to our website, [www.creativity.org](http://www.creativity.org). We also have been mentioned in widely-followed media channels, including The Wall Street Journal. At the close of the most recent fiscal year (on June 30, 2014), CCM reached a major milestone, surpassing the 83,000-annual-visitor mark, the first time in our 15-year history.

## Fiscal Year 2013-2014 Board of Directors and Staff

Name	Office
John Gonzalez	Chair
Bill Rusitzky	Vice Chair
Andy Proehl	Secretary
Jon Deane	Treasurer
Nate Chang	Director
Asit Goel	Director
Helen Han	Director
Michael Mankins	Director
Danielle Merida	Director
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Linda Pfatteicher	Director
Amy Sezak	Director
Dennis Sullivan	Director
Melissa Willa	Director
Mai Mai Wythes	Director

**Executive Director**

Michael Nobleza



# CHILDREN'S CREATIVITY MUSEUM

(A California Not-For-Profit Corporation)  
June 30, 2014 and 2013

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### CHILDREN'S CREATIVITY MUSEUM

221 Fourth Street  
San Francisco, California 94103  
415-820-3320  
Web Site Address: [www.creativity.org](http://www.creativity.org)



**INDEPENDENT AUDITORS' REPORT**

**The Board of Directors  
Children's Creativity Museum**

We have audited the accompanying financial statements of Children's Creativity Museum (a California nonprofit organization) which comprise the statements of financial position as of June 30, 2014 and 2013 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 Children's Creativity Museum as of June 30, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

The prior year summarized comparative information has been derived from Children's Creativity Museum's June 30, 2013 financial statements. In our report dated October 10, 2013, we expressed an unqualified opinion on those financial statements.

November 28, 2014  
Danville, California

*Regalia & Associates*



# CHILDREN'S CREATIVITY MUSEUM

## Statements of Financial Position June 30, 2014 and 2013

	Unrestricted Net Assets	Temporarily Restricted Net Assets	2014	2013
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 45,369	\$ 61,000	\$ 106,369	\$ 68,859
Cash reserves	100,831	-	100,831	155,649
Accounts receivable	34,981	-	34,981	-
Pledges and grants receivable	5,350	8,798	14,148	5,585
Inventory	31,443	-	31,443	33,187
Prepaid expenses and other assets	18,861	-	18,861	17,840
Total current assets	236,835	69,798	306,633	281,120
Noncurrent assets:				
Property and equipment, net	86,393	-	86,393	132,474
Total assets	\$ 323,228	\$ 69,798	\$ 393,026	\$ 413,594
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 65,706	\$ -	\$ 65,706	\$ 77,974
Deferred revenue	5,192	-	5,192	16,712
Line of credit	49,500	-	49,500	-
Security deposits payable	78,889	-	78,889	-
Total current liabilities	199,287	-	199,287	94,686
Net assets:				
Unrestricted:				
Board-designated for cash reserves	100,831	-	100,831	155,649
Undesignated	23,110	-	23,110	123,093
Temporarily restricted	-	69,798	69,798	40,166
Total net assets	123,941	69,798	193,739	318,908
Total liabilities and net assets	\$ 323,228	\$ 69,798	\$ 393,026	\$ 413,594



# CHILDREN'S CREATIVITY MUSEUM

## Statement of Activities and Changes in Net Assets Year Ended June 30, 2014

(with Summarized Financial Information for the Year Ended June 30, 2013)

	Unrestricted Net Assets	Temporarily Restricted Net Assets	2014	2013
<i>Changes in net assets:</i>				
Revenue and support:				
<i>Contributions, donations and grants:</i>				
Corporate contributions	\$ 60,568	\$ -	\$ 60,568	\$ 73,861
Foundation grants	67,570	66,000	133,570	91,000
Government - SFRA/City & County of SF	575,000	-	575,000	575,000
Government - other	-	20,000	20,000	20,000
Individual contributions	240,805	-	240,805	96,781
In-kind donations	76,783	-	76,783	552,446
<i>Net assets released from restrictions:</i>				
Satisfaction of temporary restrictions	56,368	(56,368)	-	-
Total contributions, donations and grants	1,077,094	29,632	1,106,726	1,409,088
<i>Earned revenue:</i>				
Memberships	-	-	-	115,165
Admissions	98,703	-	98,703	337,940
Carousel	282,251	-	282,251	184,204
Camps, workshops and field trips	87,989	-	87,989	53,692
Facility rentals	176,313	-	176,313	118,772
Museum store	45,395	-	45,395	132,703
Concessions and other income	119,326	-	119,326	9,537
Investment income	4,980	-	4,980	537
Total earned revenue	814,957	-	814,957	952,550
Total revenue and support	1,892,051	29,632	1,921,683	2,361,638
Expenses:				
Programs:				
Education	177,998	-	177,998	248,041
Exhibits	120,933	-	120,933	121,565
Marketing and outreach	106,443	-	106,443	119,377
Visitor experience	1,066,233	-	1,066,233	999,736
Total programs and experience	1,471,607	-	1,471,607	1,488,719
Administration	198,978	-	198,978	222,180
Fundraising	299,484	-	299,484	328,200
Total expenses	1,970,069	-	1,970,069	2,039,099
Increase (decrease) in net assets before in-kind expenses	(78,018)	29,632	(48,386)	322,539
In-kind expenses	76,783	-	76,783	552,446
Increase (decrease) in net assets	(154,801)	29,632	(125,169)	(229,907)
Net assets at beginning of year	278,742	40,166	318,908	548,815
Net assets at end of year	\$ 123,941	\$ 69,798	\$ 193,739	\$ 318,908

See accompanying auditors' report and notes to financial statements.

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# CHILDREN'S CREATIVITY MUSEUM

## Statements of Cash Flows Years Ended June 30, 2014 and 2013

	2014	2013
<b>Operating activities:</b>		
Decrease in net assets	\$ (125,169)	\$ (229,907)
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	56,197	76,217
Loss on disposition of fixed assets	115	1,241
Changes in:		
Accounts receivable	(34,981)	15,607
Pledges and grants receivable	(8,563)	58,627
Inventory	1,744	2,433
Prepaid expenses and other assets	(1,021)	(1,333)
Accounts payable and accrued liabilities	(12,268)	4,768
Deferred revenue	(11,520)	9,643
Security deposits payable	78,889	-
Cash used for operating activities	(56,577)	(62,704)
<b>Investing activities:</b>		
Additions to property and equipment	(10,231)	(1,901)
Cash used for investing activities	(10,231)	(1,901)
<b>Financing activities:</b>		
Transfers from restricted cash reserves	54,818	99,099
Borrowings under line of credit	85,000	-
Principal payments made under line of credit	(35,500)	-
Cash provided by financing activities	104,318	99,099
Net increase in cash and cash equivalents	37,510	34,494
Cash and cash equivalents at beginning of year	68,859	34,365
Cash and cash equivalents at end of year	\$ 106,369	\$ 68,859
<b>Additional cash flow information:</b>		
California taxes paid	\$ 150	\$ 150
Interest paid	\$ 496	\$ -



# CHILDREN'S CREATIVITY MUSEUM

## Notes to Financial Statements June 30, 2014 and 2013

### 1. Organization

Children's Creativity Museum (CCM) is a nonprofit, hands-on, interactive arts and technology experience for kids located in the Yerba Buena cultural district in San Francisco. The museum opened in 1998 as "Zeum" and was renamed to Children's Creativity Museum in 2011. Our mission is to nurture the 3Cs of 21st-century skills - Creativity, Collaboration and Communication - in all youth and families. We believe that the success of the next generation hinges not only on what they know, but also on their ability to think and act creatively as global citizens.

### 2. Summary of Significant Accounting Policies

#### *Basis of Accounting*

The financial statements of CCM have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

#### *Basis of Presentation*

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) 958.205, *Presentation of Financial Statements of Not-for-Profit Entities*. Under ASC 958.205, CCM is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

#### *Use of Estimates*

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions 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 reported period. Accordingly, actual results could differ from those estimates.

#### *Support and Revenue Recognition*

CCM records contributions in accordance with the recommendations of ASC 958.605, *Revenue Recognition of Not-for-Profit Entities*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor-imposed restrictions.

All donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported on the statement of activities and changes in net assets as net assets released from restrictions. As permitted under ASC 958.605, donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

Contributions of donated noncash assets (in-kind donations) are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received. (continued)



# CHILDREN'S CREATIVITY MUSEUM

## Notes to Financial Statements

### 2. Summary of Significant Accounting Policies *(continued)*

#### *Inventory*

CCM store inventory is carried at lower of cost or market utilizing the first-in, first-out method and consists of educational toys, games, books and materials to encourage creative expression.

#### *Receivables*

Accounts receivable of \$34,981 at June 30, 2014 consist of amounts principally due from carousel operations and are stated at net realizable value. Pledges and grants receivable are recorded when the pledges and grants are made and are stated at estimated net realizable value. Pledges and grants receivable amounted to \$14,148 and \$5,585 at June 30, 2014 and 2013, respectively. Management has not established an allowance for doubtful accounts because it believes all amounts will be fully realized. All receivables are classified as Level 1 assets.

#### *Property and Equipment*

Property and equipment purchased by CCM is stated at cost. Property and equipment donated to CCM is recorded at estimated fair value as of the date of the gift. The cost of additions and major improvements is capitalized, while maintenance and repairs are charged to expense as incurred. Equipment, furnishings and leasehold improvements are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Computer equipment and exhibits	3 years
Multimedia equipment	5 years
Office furniture and fixtures	7 years
Theater equipment	10 years
Leasehold improvements	Life of the lease

#### *Income Taxes*

Financial statement presentation follows the recommendations of ASC 740, *Income Taxes*. Under ASC 740, CCM is required to report information regarding its exposure to various tax positions taken by the organization and requires a two-step process that separates recognition from measurement. The first step is determining whether a tax position has met the recognition threshold; the second step is measuring a tax position that meets the recognition threshold. Management believes that CCM has adequately evaluated its current tax positions and has concluded that as of June 30, 2014, CCM does not have any uncertain tax positions for which a reserve or an accrual for a tax liability would be necessary.

CCM has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities and management is confident that the organization continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. CCM may periodically receive unrelated business income requiring the organization to file separate tax returns under federal and state statutes. Under such conditions, CCM calculates and accrues the applicable taxes payable.

#### *Cash Holdings and Concentration of Credit Risk*

CCM operates a deposit bank account which contains funds that, from time to time, may not be covered with insurance provided by the federal government. Such financial instrument(s) potentially subject CCM to concentrations of credit risk. It is the opinion of management that the solvency of the referenced financial institution is satisfactorily strong and that CCM's financial position will not be compromised.



# CHILDREN'S CREATIVITY MUSEUM

## Notes to Financial Statements

### 3. Cash

Cash and cash equivalents of \$106,369 and \$68,859 at June 30, 2014 and 2013, respectively, include all funds in various depository accounts. CCM considers all highly liquid accounts with a deposit commitment period of three months or less to be cash equivalents. Cash reserves of \$100,831 and \$155,649 at June 30, 2014 and 2013, respectively, consist of amounts on deposit at Citibank earning interest at 0.10% interest per annum.

### 4. Property and Equipment

Property and equipment consist of the following at June 30, 2014 and 2013:

	2014	2013
Computers and Software	\$ 112,507	\$ 130,184
Exhibits	218,772	289,275
Furniture and Fixtures	45,953	54,919
Leasehold improvements	50,314	56,714
Multimedia Equipment	54,956	93,329
Theater Equipment	38,026	38,026
Less: accumulated depreciation	(434,135)	(529,973)
	<u>\$ 86,393</u>	<u>\$ 132,474</u>

Depreciation expense amounted to \$56,197 and \$76,217 for the years ended June 30, 2014 and 2013, respectively. During the year ended June 30, 2014, CCM disposed of partially-depreciated property with an original cost basis of \$152,150, resulting in a loss of \$115. During the year ended June 30, 2013, CCM disposed of partially-depreciated property with an original cost basis of \$53,145, resulting in a loss of \$1,241.

### 5. San Francisco Redevelopment Agency (SFRA)

CCM entered into an operating agreement with the SFRA on July 1, 1997. The agreement charged CCM with the security, operations and maintenance of a youth arts and cultural facility for the City's youth and families on behalf of San Francisco. In February 2012, the California State Legislature enacted legislation that provided for the state to retrieve funds from redevelopment agencies throughout the state in order to address the state's budget crisis. Consequently, the SFRA was dissolved and all of its existing obligations and commitments were transferred to a successor agency, the San Francisco Office of Community Investment and Infrastructure (OCII). Currently, the California State Department of Finance is working to ensure that all of the assets, obligations and agreements that these agencies (including the SFRA) manage are successfully transferred to a new owner who can continue the project, consistent with the dissolution law. The OCII is currently researching various ownership models and engaging the community in the process. In November 2013, the OCII submitted their recommendation to the State of California for approval. The California State Department of Finance is reviewing the proposal and has until 2015 to reply.

While the ownership of Yerba Buena Gardens remains in transition, CCM effectively extended the original 15-year agreement with the former SFRA for another 10 years. The agreement was extended in July 2012, and may be terminated by either party during the term of the agreement upon default by either party. The OCII continues to own the facilities of CCM, which consist of the premises occupied by CCM, the Cafe and the Carousel. CCM operates and maintains the premises for and on behalf of the OCII during the term of the agreement.

(continued)



# CHILDREN'S CREATIVITY MUSEUM

## Notes to Financial Statements

### 5. San Francisco Redevelopment Agency (SFRA) *(continued)*

CCM was previously required to set aside a total of \$150,000 and to place this amount in a special reserve fund to be held in a manner and place and subject to controls to be approved by SFRA at its sole discretion. SFRA waived the funding of this special reserve through June 30, 2004 and established new requirements in the Ninth Amendment for funding two reserve accounts: (a) the Interior Reserve Fund and (b) the Operating Reserve Fund.

The OCII distributes quarterly payments to CCM during the months of July, October, February and May. The OCII is aware that CCM may need to draw upon reserves during times of tight cash flow and replenish the reserves later. During the fiscal year ended June 30, 2014, \$60,000 in approved expenses was pulled out of the capital reserve account to be repaid during the fiscal year ending June 30, 2015. In June 2013, CCM temporarily pulled money out of its operating reserve line while waiting for the next cash installment from the OCII. In July 2013, CCM received its scheduled payment from the successor agency and immediately replenished the reserves to their previous balance.

### 6. Line of Credit

CCM has a revolving line of credit with a bank with a total available commitment of \$100,000 subject to annual renewal. The line of credit is secured by CCM's personal property and fixtures and accrues interest at the bank's prime rate plus 3% (6.25% as of June 30, 2014). The line of credit is payable in monthly installments of principal and interest in accordance with terms of the loan agreement. The line of credit had an outstanding balance of \$49,500 at June 30, 2014. There was no outstanding balance as of June 30, 2013. Interest expense amounted to \$496 for the year ended June 30, 2014 and is included in administration expenses on the statement of activities and changes in net assets. There was no interest expense for the year ended June 30, 2013.

### 7. Net Assets

CCM recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired. A reconciliation of beginning and ending temporarily restricted net assets is summarized as follows:

	June 30, 2013			June 30, 2014	
Donor	Beginning Balance	Additions	Released to Unrestricted	Ending Balance	
Dean and Margaret Leshner Foundation	\$ 5,833	\$ -	\$ 5,833	\$ -	
Joseph R McMicking Foundation	8,333	-	8,333	-	
Target	20,000	-	20,000	-	
Yerba Buena Community Benefit District	6,000	-	6,000	-	
House Family Foundation	-	25,000	5,000	20,000	
Plae	-	1,000	-	1,000	
National Endowment for the Arts	-	20,000	11,202	8,798	
Fidelity	-	40,000	-	40,000	
Totals	\$ 40,166	\$ 86,000	\$ 56,368	\$ 69,798	



# CHILDREN'S CREATIVITY MUSEUM

## Notes to Financial Statements

### 7. Net Assets (continued)

Contributions to temporarily restricted net assets amounted to \$86,000 and \$34,333 for the years ended June 30, 2014 and 2013, respectively. During the years ended June 30, 2014 and 2013, \$56,368 and \$113,336, respectively, in temporarily restricted net assets were released from restriction and transferred to unrestricted net assets. Total unrestricted net assets of \$123,941 and \$278,742 at June 30, 2014 and 2013, respectively, represent cumulative unrestricted earnings since the organization's inception.

### 8. In-kind Contributions (Donated Services, Materials and Facilities)

CCM recognizes donated services which create and enhance non-financial assets or that require specialized skills (such as professional services which would otherwise need to be purchased if not provided by donation). There are also unpaid volunteers who have made significant contributions of time to various departments or programs of CCM. The value of this contributed time is not reflected in the financial statements because it is not susceptible to objective measurement or valuation and therefore did not meet the criteria for recognition under ASC 958.605.30-11 "*Revenue Recognition of Not-For-Profit Entities*."

During the years ended June 30, 2014 and 2013, CCM was the recipient of a substantial amount of in-kind contributions which satisfied the provisions of ASC 958.605.30-11 and these donated services, materials and facilities were recorded at their estimated fair market values as program and supporting revenues and expenses. The values of these contributions, as reflected on the statement of activities and changes in net assets are as follows for the years ended June 30, 2014 and 2013:

	2014	2013
Exhibit design and production	\$ 46,240	\$ 236,800
Hospitality	-	2,000
Materials and other	-	926
Professional services	30,543	158,467
Technology	-	154,253
Total in-kind contributions received	\$ 76,783	\$ 552,446

### 9. Functional Allocation of Expenses

The costs of providing CCM's various programs and other activities have been summarized on a functional basis in the statement of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

### 10. Deferred Revenue

Deferred revenue of \$5,192 and \$16,712 at June 30, 2014 and 2013, respectively, represents funds received in advance of facility rentals, summer camps, group sales and other program activities for the following fiscal year. Such amounts have been reflected as short-term liabilities and will be reported as program and activity revenue on the statement of activities and changes in net assets in the subsequent fiscal period.



# CHILDREN'S CREATIVITY MUSEUM

## Notes to Financial Statements

### 11. Security Deposits Payable

Security deposits payable of \$78,889 at June 30, 2014 represent payments received from third parties under facility usage agreements. CCM retains the funds as security and either refunds or retains the deposits in accordance with the terms of the agreements. There were no security deposits payable at June 30, 2013.

### 12. 403(b) Annuity Plan

CCM has a 403(b) tax-deferred retirement plan administered by Lincoln Financial Advisors. Employees are permitted to make contributions to the retirement plan under a pre-tax arrangement. There were no employer contributions (matching or otherwise) for the years ended June 30, 2014 and 2013. Distributions from the 403(b) plan are made only pursuant to all applicable laws and regulations.

### 13. Commitments and Contingencies

CCM leases certain office equipment under month-to-month and short-term rental contracts which require monthly remittances in accordance with the terms of the agreements. In the normal course of business there are outstanding various commitments and contingent liabilities, such as commitments to enter into contracts and to engage in future projects, which are not entirely reflected in the financial statements. Such commitments and contingencies also include risks associated with various economic and operating factors, which include (a) Grant restrictions and donor conditions which obligate CCM to fulfill certain requirements as set forth in grant instruments, (b) Funding levels which vary based on factors beyond CCM's control, such as generosity of donors and general economic conditions, (c) Employment and service agreements with key management and consulting personnel, and (d) Financial risks associated with funds on deposit at bank and investment brokerage accounts. Management believes that such commitments, contingencies and risks will not have a material adverse effect on the financial statements. Certain of the grants and contracts (including current and prior costs) are subject to audit and final acceptance by the granting organizations.

### 14. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of ASC 710.25, *Compensated Absences*. Under ASC 710.25, CCM is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statements of financial position based on hourly rates for the subsequent fiscal year. Accrued vacation payable amounted to \$36,071 and \$40,743 as of June 30, 2014 and 2013, respectively.

### 15. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, CCM has evaluated subsequent events through November 28, 2014, the date the financial statements were available to be issued and, in the opinion of management, there are no subsequent events which need to be disclosed.