



# CHILDREN'S CREATIVITY MUSEUM

## Financial Statements

*June 30, 2018 and 2017*

*With Independent Auditors' Report*

# CHILDREN'S CREATIVITY MUSEUM

(A California Not-For-Profit Corporation)  
June 30, 2018

The Children's Creativity Museum (CCM) is a hands-on, interactive arts and technology experience. Our mission is to nurture creativity and collaboration in all children and families. We believe that creative expression, innovation, and critical thinking are core to fostering the next generation.

Located in the Yerba Buena cultural district in the heart of San Francisco, the museum was originally named Zeum. In 2011 the name was changed to the Children's Creativity Museum. During the fiscal year 2017-2018 we served more than 124,000 youth and their families ranging in age from 2 to 12, through our general admission experience, school and summer field trips, camps, workshops and our Creativity Theatre. This surpassed our previous attendance of 123,000 +/-.

As the neighborhood continues to develop and the Yerba Buena/Moscone Center Central Subway stop opens an additional public transit option directly across from the museum, we look forward to continued growth. We work closely with our cultural neighbors through the Yerba Buena Alliance and our greater business and residential neighbors through the Yerba Buena Community Benefit District to make certain we are a known and vital resource.

## Fiscal Year 2017-2018 Board of Directors and Staff

Name	Office
Jon Deane	Chair
Tiffany Zarem	Vice Chair
Rhiana Maidenberg	Secretary
Yumi Clark	Treasurer
Nithin Iyengar	Director
Kim Milosevich	Director
Sunita Mohanty	Director
Eduardo Pineda	Director
Melissa Rich	Director
Andy Russell	Director
Mala Sharma	Director
Senthil Singaravelu	Director
Paul Smith	Director
Paul Wang	Director

**Executive Director**  
Carol Tang

# CHILDREN'S CREATIVITY MUSEUM

(A California Not-For-Profit Corporation)  
June 30, 2018 and 2017

## CONTENTS

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Financial Statements:</b>	
Statements of Financial Position	2
Statement of Activities and Changes in Net Assets	3
Statements of Cash Flows	4
Statement of Functional Expenses	5
Notes to Financial Statements	6 - 11

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



**CERTIFIED PUBLIC ACCOUNTANTS**  
103 TOWN & COUNTRY DRIVE, SUITE K, DANVILLE, CALIFORNIA 94526  
DOUGLAS REGALIA, CPA  
LISA PARKER, CPA [inactive]  
JEANNINE REGALIA, CPA  
LISA CLOVEN, CPA  
JENNY SO, CPA  
JENNIFER JENSEN  
MALEEHA MAHMOOD  
ANITA EVANS

DANA CHAVARRIA, CPA  
TRICIA WILSON  
VALERIE REGALIA, CPA  
WENDY THOMAS, CPA  
JANICE TAYLOR, CPA  
RACHEL BERGER, CPA  
KIM CHAVARRIA  
MARIANNE RYAN

OFFICE: 925.314.0390  
WEB: WWW.MRCPA.COM

## 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 statement of financial position as of June 30, 2018 and the related statements of activities and changes in net assets and cash flows 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 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 Children's Creativity Museum as of June 30, 2018 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Other Matters*

We have previously audited Children's Creativity Museum's June 30, 2017 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 29, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited financial statements from which it has been derived.

January 11, 2019  
Danville, California

*Regalia & Associates*

# CHILDREN'S CREATIVITY MUSEUM

## Statement of Financial Position June 30, 2018 and 2017

	<b>Unrestricted Net Assets</b>	<b>Temporarily Restricted Net Assets</b>	<b>2018</b>	<b>2017</b>
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 57,368	\$ 10,563	\$ 67,931	\$ 196,058
Cash reserves	234,837	-	234,837	181,899
Accounts receivable	73,234	-	73,234	7,073
Pledges and grants receivable	-	-	-	2,500
Inventory	14,749	-	14,749	17,856
Prepaid expenses and other assets	37,874	-	37,874	36,917
Total current assets	418,062	10,563	428,625	442,303
Noncurrent assets:				
Property and equipment, net	229,067	-	229,067	176,979
Total assets	\$ 647,129	\$ 10,563	\$ 657,692	\$ 619,282
<b>LIABILITIES AND NET ASSETS</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 147,048	\$ -	\$ 147,048	\$ 98,437
Unearned revenue	93,080	-	93,080	154,536
Loan payable: short-term portion	23,445	-	23,445	23,445
Security deposits payable	500	-	500	500
Total current liabilities	264,073	-	264,073	276,918
Noncurrent liabilities:				
Loan payable: long-term portion	34,557	-	34,557	58,002
Net assets:				
Unrestricted:				
Board-designated for cash reserves	234,837	-	234,837	181,899
Undesignated	113,662	-	113,662	54,354
Temporarily restricted	-	10,563	10,563	48,109
Total net assets	348,499	10,563	359,062	284,362
Total liabilities and net assets	\$ 647,129	\$ 10,563	\$ 657,692	\$ 619,282

## CHILDREN'S CREATIVITY MUSEUM

### Statement of Activities and Changes in Net Assets Year Ended June 30, 2018

*(with Summarized Financial Information for the Year Ended June 30, 2017)*

<i>Changes in net assets:</i>	Unrestricted Net Assets	Temporarily Restricted Net Assets	2018	2017
<b>Revenue and support:</b>				
<i>Contributions, donations and grants:</i>				
Foundation and corporate grants	\$ 21,240	\$ 62,200	\$ 83,440	\$ 162,165
Government - SFOCII	600,000	-	600,000	600,000
Government - other	45,980	-	45,980	-
Individual contributions	93,926	-	93,926	87,872
In-kind donations	113,092	-	113,092	84,084
<i>Net assets released from restrictions:</i>				
Satisfaction of temporary restrictions	99,746	(99,746)	-	-
Total contributions, donations and grants	973,984	(37,546)	936,438	934,121
<i>Earned revenue:</i>				
Memberships	191,636	-	191,636	167,897
Admissions	756,867	-	756,867	686,522
Facility rentals	378,711	-	378,711	331,334
Museum store	19,482	-	19,482	20,833
Other income	19,879	-	19,879	16,799
Investment income	792	-	792	266
Total earned revenue	1,367,367	-	1,367,367	1,223,651
Total revenue and support	2,341,351	(37,546)	2,303,805	2,157,772
<b>Expenses:</b>				
Programs:				
Education	509,748	-	509,748	382,085
Exhibits	276,052	-	276,052	257,469
Community outreach	169,437	-	169,437	188,425
Visitor experience	643,751	-	643,751	619,842
Total programs and experience	1,598,988	-	1,598,988	1,447,821
Administration	481,374	-	481,374	431,633
Fundraising	148,743	-	148,743	167,501
Total expenses	2,229,105	-	2,229,105	2,046,955
Increase (decrease) in net assets	112,246	(37,546)	74,700	110,817
Net assets at beginning of year	236,253	48,109	284,362	173,545
Net assets at end of year	\$ 348,499	\$ 10,563	\$ 359,062	\$ 284,362

# CHILDREN'S CREATIVITY MUSEUM

## Statements of Cash Flows Years Ended June 30, 2018 and 2017

	2018	2017
<i>Operating activities:</i>		
Increase in net assets	\$ 74,700	\$ 110,817
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	50,508	16,777
<i>Changes in:</i>		
Accounts receivable	(66,161)	10,991
Pledges and grants receivable	2,500	-
Inventory	3,107	(11,263)
Prepaid expenses and other assets	(957)	(11,346)
Accounts payable and accrued liabilities	48,611	3,102
Unearned revenue	(61,456)	36,948
Security deposits payable	-	(1,000)
Cash provided by operating activities	50,852	155,026
 <i>Investing activities:</i>		
Acquisition of property and equipment	(102,596)	(150,042)
Cash used for investing activities	(102,596)	(150,042)
 <i>Financing activities:</i>		
Transfers from restricted cash reserves	(52,938)	10,564
Principal payments made to reduce borrowings	(23,445)	(21,734)
Cash used for financing activities	(76,383)	(11,170)
Net decrease in cash and cash equivalents	(128,127)	(6,186)
Cash and cash equivalents at beginning of year	196,058	202,244
Cash and cash equivalents at end of year	\$ 67,931	\$ 196,058
 <i>Additional cash flow information:</i>		
California registration fee paid	\$ 150	\$ 150
Interest paid	\$ 5,392	\$ 7,103

**CHILDREN'S CREATIVITY MUSEUM**

**Statement of Functional Expenses  
Year Ended June 30, 2018**

	<b>Administration and General</b>	<b>Fundraising</b>	<b>Education</b>	<b>Exhibits</b>	<b>Community Outreach</b>	<b>Visitor Experience</b>	<b>Total</b>
Salaries and wages	\$ 252,829	\$ 80,534	\$ 318,366	\$ 155,939	\$ 139,370	\$ 299,641	\$ 1,246,679
Payroll taxes	22,361	7,315	28,363	13,720	11,958	27,044	110,761
Employee benefits - medical	16,771	6,869	23,622	11,063	9,507	21,564	89,396
Workers compensation	2,623	848	3,327	1,597	1,384	3,151	12,930
Intern/Volunteer reimbursement	-	-	3,115	-	-	-	3,115
Staff development	5,281	-	2,403	1,335	10	304	9,333
Staff appreciation	536	-	929	75	-	5,111	6,651
Meetings	2,809	38	277	105	191	1,115	4,535
Travel and transportation	40	-	933	2,162	443	501	4,079
Marketing and advertising	940	411	1,099	-	553	1,149	4,152
Consulting fees - legal	45,717	-	-	-	-	-	45,717
Consulting fees - accounting	47,845	-	-	-	-	-	47,845
Consulting fees - design and production	-	600	-	-	-	825	1,425
Consulting fees - IT	2,520	-	-	-	-	7,307	9,827
Consulting fees - other	80	4,500	275	-	3,500	5,500	13,855
Subcontractors	-	-	42,700	-	-	500	43,200
Payroll processing fees	6,995	-	-	-	-	-	6,995
Dues and memberships	1,974	-	25	3,170	1,810	5,062	12,041
Management fees	-	-	-	-	-	119,544	119,544
Telecommunications	-	-	-	-	-	27,899	27,899
Supplies and materials	2,555	265	27,215	20,396	285	30,186	80,902
Postage and shipping	28	945	-	37	-	918	1,928
Printing and publications	-	5,832	34	-	114	3,671	9,651
Graphics and signage	-	-	-	2,171	215	-	2,386
Insurance	3,191	-	-	-	-	55,095	58,286
Expendable equipment, furnishings, and software	1,410	-	-	3,106	-	2,713	7,229
Equipment rental	-	-	1,083	464	-	7,437	8,984
Repairs and maintenance	1,083	-	1,213	2,973	71	20,410	25,750
Utilities	-	-	-	-	-	59,750	59,750
Service fees	21,084	-	359	2,158	26	35,175	58,802
Other taxes, licenses, and fees	2,117	495	-	-	-	-	2,612
Bank fees and finance charges	1,001	-	-	-	-	26,411	27,412
Interest	5,392	-	-	-	-	-	5,392
Miscellaneous	278	-	-	-	-	867	1,145
Shared costs	28,636	40,091	54,410	20,046	-	(143,183)	-
Depreciation expense	5,278	-	-	35,535	-	9,695	50,508
Cost of sales	-	-	-	-	-	8,389	8,389
<b>Total Expenses</b>	<b>\$ 481,374</b>	<b>\$ 148,743</b>	<b>\$ 509,748</b>	<b>\$ 276,052</b>	<b>\$ 169,437</b>	<b>\$ 643,751</b>	<b>\$ 2,229,105</b>



## Notes to Financial Statements June 30, 2018 and 2017

### 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. CCM's mission is to nurture creativity and collaboration in all children and families. CCM believes that creative expression, innovation, and critical thinking are core to fostering the next generation.

### 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)*

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 \$73,234 and \$7,073 at June 30, 2018 and 2017, respectively, 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 and amounted to \$2,500 at June 30, 2017. There were no pledges and grants receivable at June 30, 2018. Management has not established an allowance for doubtful accounts because it believes all amounts will be fully realized.

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, 2018 and 2017, 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.

Reclassifications

Certain reclassifications have been made to the 2017 financial statements in order to conform to the presentation used in 2018.

# CHILDREN'S CREATIVITY MUSEUM

## Notes to Financial Statements

### 3. Cash and Cash Equivalents

Cash and cash equivalents of \$67,931 and \$196,058 at June 30, 2018 and 2017, 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 amounted to \$234,837 and \$181,899 at June 30, 2018 and 2017, respectively, and consist of amounts on deposit at Citibank earning interest at 0.13% interest per annum. In connection with its agreement with SFOCII (see Note 5 above), CCM is required to set aside certain amounts as a special reserve fund to be held in a manner and place and subject to controls enforced by SFOCII. These reserves are reflected as Board-designated for cash reserves on the statements of financial position and amounted to \$234,837 and \$181,899 at June 30, 2018 and 2017, respectively.

Concentration of Credit Risk: CCM operates a deposit bank account which contains funds that, from time to time, may not be covered by 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.

### 4. Property and Equipment

Property and equipment consist of the following at June 30, 2018 and 2017:

	2018	2017
Computers and Software	\$ 149,191	\$ 99,893
Exhibits	337,821	319,361
Furniture and Fixtures	47,228	32,866
Leasehold improvements	38,027	38,027
Multimedia Equipment	14,221	14,221
Theater Equipment	70,789	50,313
Less: accumulated depreciation	(428,210)	(377,702)
Property and equipment, net	<u>\$ 229,067</u>	<u>\$ 176,979</u>

Depreciation expense amounted to \$50,508 and \$16,777 for the years ended June 30, 2018 and 2017, respectively. During the year ended June 30, 2017, CCM disposed of property and equipment totaling \$113,666. There were no disposals during the year ended June 30, 2018.

### 5. San Francisco Office of Community Investment and Infrastructure (SFOCII)

CCM runs its operations under an operating agreement with the San Francisco Office of Community Investment and Infrastructure (SFOCII) under a long-term arrangement. SFOCII owns 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 SFOCII during the term of the agreement. The agreement charges 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.

SFOCII distributes quarterly payments to CCM during the months of July, October, February and May. SFOCII is aware that CCM may need to draw upon reserves during times of tight cash flow and replenish the reserves later. During the fiscal years ended June 30, 2018 and 2017, CCM received \$600,000 and \$600,000, respectively, from SFOCII for operational funding needs.

# CHILDREN'S CREATIVITY MUSEUM

## Notes to Financial Statements

### 6. Loan Payable

The Northern California Community Loan Fund: Total note payable balance of \$58,002 and \$81,447 at June 30, 2018 and 2017, respectively, represents borrowings from The Northern California Community Loan Fund with an initial repayment period of 72 months bearing interest at the fixed rate of 7.50% per annum. The loan repayment terms are as follows: (a) interest only during the first twelve months; and (b) principal and interest payments beginning with the thirteenth month and continuing through the 72<sup>nd</sup> month. As of June 30, 2018, estimated future principal payments are as follows: **Year ending June 30, 2019: \$25,292**; **Year ending June 30, 2020: \$27,283**; and **Year ending June 30, 2021: \$5,427**. Interest expense amounted to \$5,392 and \$7,103 for the years ended June 30, 2018 and 2017, respectively, and is included in administration expenses on the statement of activities and changes in net assets.

### 7. Lease

As of June 30, 2018, CCM is obligated under a long-term equipment lease which requires a monthly remittance of \$1,411. Minimum annual payments extending beyond one year are as follows: **Year ending June 30, 2019: \$5,741**; and **Year ending June 30, 2020: \$1,752**.

### 8. 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:

<b>Donor</b>	<b>June 30, 2017</b>		<b>June 30, 2018</b>	
	<b>Beginning</b>		<b>Released to</b>	<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Unrestricted</b>	<b>Balance</b>
Capital One	\$ 18,780	\$ 25,000	\$ 42,528	\$ 1,252
Genentech Inc	-	15,000	15,000	-
Franklin Institute	-	12,000	2,689	9,311
Concord Consortium	-	5,000	5,000	-
Target	20,000	-	20,000	-
Yerba Buena Community Benefit District	9,329	5,000	14,329	-
Others	-	200	200	-
<b>Totals</b>	<b>\$ 48,109</b>	<b>\$ 62,200</b>	<b>\$ 99,746</b>	<b>\$ 10,563</b>

Contributions to temporarily restricted net assets amounted to \$62,200 and \$122,000 for the years ended June 30, 2018 and 2017, respectively. During the years ended June 30, 2018 and 2017, \$99,746 and \$73,891, respectively, in temporarily restricted net assets were released from restriction and transferred to unrestricted net assets. Total unrestricted net assets of \$348,499 and \$236,253 at June 30, 2018 and 2017, respectively, represent cumulative earnings from operations since the organization's inception.

# CHILDREN'S CREATIVITY MUSEUM

## Notes to Financial Statements

### 9. 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, 2018 and 2017, CCM was the recipient of certain 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, 2018 and 2017:

	2018	2017
Exhibit, workshop, and inventory items	\$ 10,887	\$ 23,357
Events	3,608	-
Supplies and equipment	14,880	60,170
Miscellaneous	-	557
Professional services	83,717	-
Total in-kind contributions received	\$ 113,092	\$ 84,084

### 10. 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.

### 11. Unearned Revenue

Unearned revenue of \$93,080 and \$154,536 at June 30, 2018 and 2017, 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.

### 12. Security Deposits Payable

Security deposits payable of \$500 at June 30, 2018 and 2017 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.

## Notes to Financial Statements

### 13. 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, 2018 and 2017. Distributions from the 403(b) plan are made only pursuant to all applicable laws and regulations.

### 14. 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.

### 15. 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 \$51,801 and \$44,482 as of June 30, 2018 and 2017, respectively, and these amounts are included with accounts payable and accrued liabilities on the statement of financial position.

### 16. Subsequent Events

In compliance with ASC 855, *Subsequent Events*, CCM has evaluated subsequent events through January 11, 2019, 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.