



**The Elaine Kaufman Cultural Center/Lucy Moses
School for Music and Dance and Affiliate**

**Consolidated Financial Statements
(Together with Independent Auditors' Report)
and Supplementary Information**

Years Ended August 31, 2019 and 2018

MARKS PANETH

ACCOUNTANTS & ADVISORS

**THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE
AND AFFILIATE**

**CONSOLIDATED FINANCIAL STATEMENTS
(Together with Independent Auditors' Report)
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED AUGUST 31, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Elaine Kaufman Cultural Center/
Lucy Moses School for Music and Dance and Affiliate

We have audited the accompanying consolidated financial statements of The Elaine Kaufman Cultural Center/ Lucy Moses School For Music and Dance and Affiliate (the "Center"), which comprise the consolidated statement of financial position as of August 31, 2019, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Elaine Kaufman Cultural Center/ Lucy Moses School For Music and Dance and Affiliate as of August 31, 2019, and the changes in their net assets and their cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, during the year ended August 31, 2019, the Center adopted Accounting Standards Update ("ASU") 2016-14, *Not-for-Profit Entities* (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Prior Period Consolidated Financial Statements

The consolidated financial statements of The Elaine Kaufman Cultural Center/ Lucy Moses School for Music and Dance and Affiliate as of and for the year ended August 31, 2018, were audited by other auditors whose report dated January 31, 2019, expressed an unmodified opinion on those consolidated financial statements. As discussed in Note 2 to the consolidated financial statements, the Center has adjusted its August 31, 2018 consolidated financial statements to retrospectively apply the adoption of ASU 2016-14, *Not-for-Profit Entities* (Topic 958) - *Presentation of Financial Statements of "Not-for-Profit Entities."* The other auditors reported on the consolidated financial statements before the retrospective adjustment.

As part of our audit of the August 31, 2019 consolidated financial statements, we also audited the adjustments to the August 31, 2018 consolidated financial statements to retrospectively apply the change in accounting as described in Note 2. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the Center's 2018 consolidated financial statements other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2018 consolidated financial statements as a whole.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating statement of financial position, statements of activities and functional expenses (shown on pages 16-19) are presented for the purposes of additional analysis of the consolidated financial statements, rather than to present the financial position, change in net assets and cash flows of the individual companies, and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Marks Paneth LLP

New York, NY
February 7, 2020

**THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE AND AFFILIATE
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF AUGUST 31, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
Assets		
Cash and cash equivalents (Notes 2C and 12)	\$ 2,087,439	\$ 2,803,781
Investments (Notes 2G and 4)	8,955,374	8,720,244
Accounts receivable, net (Note 2E)	11,482	3,545
Contributions receivable (Notes 2D, 2E and 5)	928,320	761,124
Government grants receivable (Note 2M)	50,039	-
Accrued interest and other receivables	109,354	78,578
Prepaid expenses and other assets	155,635	131,059
Property and equipment, net (Notes 2F and 6)	<u>10,101,483</u>	<u>10,823,431</u>
Total assets	<u>\$ 22,399,126</u>	<u>\$ 23,321,762</u>
 Liabilities		
Accounts payable and accrued expenses	\$ 133,072	\$ 114,149
Accrued salaries payable	125,975	82,516
Deferred revenue - ticket sales (Note 2K)	266,847	263,055
Deferred revenue - tuition and other fees (Note 2I)	<u>669,531</u>	<u>742,796</u>
Total liabilities	<u>1,195,425</u>	<u>1,202,516</u>
 Net Assets (Note 2B)		
Without donor restrictions	12,983,893	14,171,875
With donor restrictions (Note 8)	<u>8,219,808</u>	<u>7,947,371</u>
Total net assets	<u>21,203,701</u>	<u>22,119,246</u>
 Total liabilities and net assets	 <u>\$ 22,399,126</u>	 <u>\$ 23,321,762</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE AND AFFILIATE
CONSOLIDATED STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED AUGUST 31, 2019 AND 2018**

	Year Ended August 31, 2019			Year Ended August 31, 2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Tuition and related revenues (Notes 2I and 2J) (net of scholarships of \$282,078 in 2019 and \$269,481 in 2018)	\$ 3,568,613	\$ -	\$ 3,568,613	\$ 3,544,203	\$ -	\$ 3,544,203
Presentation/facilities services (Note 2K)	1,399,148	-	1,399,148	1,371,238	-	1,371,238
Contributions	1,663,494	835,173	2,498,667	1,712,462	620,094	2,332,556
Contributions - in-kind (Note 2H)	-	-	-	49,015	-	49,015
Special events (net of direct expenses \$167,674 in 2019 and \$161,395 in 2018)	701,164	-	701,164	841,044	-	841,044
Special projects contributions	-	103,788	103,788	-	35,273	35,273
Rental income (Notes 2L and Note 10)	735,964	-	735,964	709,105	-	709,105
Government grants (Note 2M)	264,670	-	264,670	261,000	-	261,000
Contracted services	155,569	-	155,569	164,953	-	164,953
Investment return	59,855	485,336	545,191	39,558	335,722	375,280
Other income	7,447	-	7,447	36,537	-	36,537
Net assets released from restrictions	1,151,860	(1,151,860)	-	1,827,490	(1,827,490)	-
Total revenues, gains and other support	<u>9,707,784</u>	<u>272,437</u>	<u>9,980,221</u>	<u>10,556,605</u>	<u>(836,401)</u>	<u>9,720,204</u>
Expenses (Note 2N)						
Program expenses	<u>9,014,311</u>	<u>-</u>	<u>9,014,311</u>	<u>8,969,931</u>	<u>-</u>	<u>8,969,931</u>
Supporting services:						
Management and general	704,963	-	704,963	579,151	-	579,151
Fund raising	1,176,492	-	1,176,492	1,213,415	-	1,213,415
Total supporting services	<u>1,881,455</u>	<u>-</u>	<u>1,881,455</u>	<u>1,792,566</u>	<u>-</u>	<u>1,792,566</u>
Total expenses	<u>10,895,766</u>	<u>-</u>	<u>10,895,766</u>	<u>10,762,497</u>	<u>-</u>	<u>10,762,497</u>
Change in Net Assets	(1,187,982)	272,437	(915,545)	(205,892)	(836,401)	(1,042,293)
Net Assets, Beginning of Year	<u>14,171,875</u>	<u>7,947,371</u>	<u>22,119,246</u>	<u>14,377,767</u>	<u>8,783,772</u>	<u>23,161,539</u>
Net Assets, End of Year	<u>\$ 12,983,893</u>	<u>\$ 8,219,808</u>	<u>\$ 21,203,701</u>	<u>\$ 14,171,875</u>	<u>\$ 7,947,371</u>	<u>\$ 22,119,246</u>

**The Elaine Kaufman Cultural Center/
Lucy Moses School for Music and Dance and Affiliate
Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2019
(With Comparative Totals for August 31, 2018)**

	Program Services									Supporting Services			Total		
	Lucy Music School	Special Music School K-8	Special Music School H.S.	Theatre Program	Presentations/Facilities Services	Face The Music	Library	Special Projects	Opus 118 Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	2019	2018
Salaries	\$ 2,378,657	\$ 942,970	\$ 536,994	\$ 300,180	\$ 889,893	\$ 185,806	\$ 12,190	\$ 22,419	\$ 229,948	\$ 5,499,057	\$ 369,829	\$ 718,789	\$ 1,088,618	6,587,675	\$ 6,177,237
Payroll taxes and employee benefits	385,457	187,941	89,099	50,146	187,434	31,090	1,946	11,357	26,780	971,250	56,672	112,816	169,488	1,140,738	1,167,957
Total salaries and related expenses	2,764,114	1,130,911	626,093	350,326	1,077,327	216,896	14,136	33,776	256,728	6,470,307	426,501	831,605	1,258,106	7,728,413	7,345,194
Supplies and printing	61,417	7,314	4,219	22,937	95,635	8,587	37	2,338	571	203,055	7,151	64,551	71,702	274,757	222,264
Office expenses	29,817	2,914	1,637	8,574	30,936	2,995	151	248	-	77,272	6,511	22,714	29,225	106,497	106,925
Equipment rental and maintenance	27,850	14,254	1,359	759	24,601	1,705	190	-	-	70,718	5,716	19,190	24,906	95,624	103,928
Professional services	110,089	15,830	13,907	43,895	76,487	9,401	928	21,523	-	292,060	199,036	48,705	247,741	539,801	659,146
Advertising promotional materials	-	-	-	-	1,629	-	-	-	-	1,629	36,154	-	36,154	37,783	57,325
Cultivation expenses	9,783	1,337	617	1,071	2,552	2,740	-	3,869	-	21,969	4,635	37,434	42,069	64,038	54,941
Piano tuning and instrumental	22,076	8,198	16,082	1,710	39,660	5,822	-	740	2,346	96,634	175	-	175	96,809	95,636
Graphic artist	5,400	-	-	-	-	-	-	-	-	5,400	1,500	1,500	3,000	8,400	9,056
Artists' fees	-	-	-	83,775	97,200	16,543	-	186	-	197,704	-	-	-	197,704	223,485
Publication and conventions	9,200	-	-	100	739	88	450	-	-	10,577	2,436	2,974	5,410	15,987	22,282
Concession expense	-	-	-	-	13,218	-	-	-	-	13,218	2,420	-	2,420	15,638	10,120
Service charges	59,806	920	215	8,002	9,787	765	-	-	-	79,495	-	21,574	21,574	101,069	88,636
Space rental	-	-	-	10,000	-	28,289	-	-	-	40,317	1,634	-	1,634	41,951	22,966
Insurance	-	-	-	-	5,508	-	-	-	11,256	16,764	23,726	1,249	24,975	41,739	19,429
Marketing expenses	47,324	14,022	3,506	3,507	67,480	2,629	-	-	-	138,468	-	36,808	36,808	175,276	248,973
Building expense	135,739	212,024	1,655	20,198	147,036	1,598	4,279	-	-	522,529	11,411	36,631	48,042	570,571	513,009
Depreciation	190,279	297,216	2,320	28,314	206,116	2,240	5,999	-	11,550	744,034	15,997	51,349	67,346	811,380	991,590
Bad debt	-	-	-	-	-	-	-	-	-	-	6,598	-	6,598	-	7,559
Sundry	1,756	1,270	1,560	-	1,467	1,647	-	-	-	7,700	-	208	208	7,908	6,666
Other expenses	-	-	-	-	-	-	-	-	4,461	4,461	1,573	-	1,573	6,034	4,854
Catering and event planning	-	-	-	-	-	-	-	-	-	-	-	167,674	167,674	167,674	161,395
Subtotal	3,474,650	1,706,210	673,170	583,168	1,897,378	301,945	26,170	62,680	288,940	9,014,311	753,174	1,344,166	2,097,340	11,111,651	10,975,379
Less investment advisory fees	-	-	-	-	-	-	-	-	-	-	(48,211)	-	(48,211)	(48,211)	(51,487)
Less direct special events expenses	-	-	-	-	-	-	-	-	-	-	-	(167,674)	(167,674)	(167,674)	(161,395)
Total Expenses	\$ 3,474,650	\$ 1,706,210	\$ 673,170	\$ 583,168	\$ 1,897,378	\$ 301,945	\$ 26,170	\$ 62,680	\$ 288,940	\$ 9,014,311	\$ 704,963	\$ 1,176,492	\$ 1,881,455	\$ 10,895,766	\$ 10,762,497

**The Elaine Kaufman Cultural Center/
Lucy Moses School for Music and Dance and Affiliate
Consolidated Statement of Functional Expenses
For the Year Ended August 31, 2018**

	Program Services									Supporting Services			Total	
	Lucy Music School	Special Music School K-8	Special Music School H.S.	Theatre Program	Presentations/ Facilities Services	Face The Music	Library	Special Projects	Opus 118 Programs	Total Program Services	Management and General	Fundraising	Total Supporting Services	2018
Salaries	\$ 2,322,908	\$ 909,244	\$ 509,122	\$ 296,302	\$ 873,203	\$ 172,248	\$ 13,525	\$ 22,989	\$ 169,798	\$ 5,289,339	\$ 123,749	\$ 764,149	\$ 887,898	\$ 6,177,237
Payroll taxes and employee benefits	378,981	193,645	94,407	55,654	211,362	31,310	2,209	11,880	19,202	998,650	20,671	148,636	169,307	1,167,957
Total salaries and related expenses	2,701,889	1,102,889	603,529	351,956	1,084,565	203,558	15,734	34,869	189,000	6,287,989	144,420	912,785	1,057,205	7,345,194
Supplies and printing	49,546	6,124	7,240	23,918	73,451	6,007	1,170	2,414	1,022	170,892	3,179	48,193	51,372	222,264
Office expenses	29,220	3,746	739	10,382	23,910	4,342	74	6,877	210	79,500	8,158	19,267	27,425	106,925
Equipment rental and maintenance	31,112	15,045	2,118	1,416	25,816	1,491	202	-	2,228	79,428	7,802	16,698	24,500	103,928
Professional services	66,320	12,392	28,823	51,238	67,162	9,636	970	43,560	-	280,101	338,036	41,009	379,045	659,146
Advertising promotional materials	-	-	-	-	-	350	-	-	-	350	56,975	-	56,975	57,325
Cultivation expenses	9,045	699	299	410	1,933	2,456	-	9,507	-	24,349	5,234	25,358	30,592	54,941
Piano tuning and instrumental	22,803	11,228	9,713	3,490	43,797	4,415	-	190	-	95,636	-	-	-	95,636
Graphic artist	5,400	-	-	-	-	-	-	-	-	5,400	406	3,250	3,656	9,056
Artists' fees	-	-	-	111,425	96,600	15,460	-	-	-	223,485	-	-	-	223,485
Publication and conventions	7,659	-	-	-	499	-	616	-	-	8,774	3,815	9,693	13,508	22,282
Concession expense	-	-	-	-	10,120	-	-	-	-	10,120	-	-	-	10,120
Service charges	56,943	1,222	376	7,819	9,297	597	-	-	-	76,254	-	12,382	12,382	88,636
Space rental	-	785	-	10,342	-	918	-	100	3,828	15,973	5,455	1,538	6,993	22,966
Insurance	-	-	-	-	5,600	-	-	-	8,713	14,313	3,990	1,126	5,116	19,429
Marketing expenses	67,223	19,918	4,979	4,979	95,855	3,735	-	-	-	196,689	-	52,284	52,284	248,973
Building expense	125,995	191,045	1,590	20,828	129,048	1,513	3,848	-	-	473,867	15,390	23,752	39,142	513,009
Depreciation	240,643	364,883	3,037	39,781	246,473	2,890	7,349	-	11,775	916,831	29,394	45,365	74,759	991,590
Bad debt	-	-	-	-	-	-	-	-	-	-	7,559	-	7,559	7,559
Sundry	1,535	80	2,843	-	230	1,313	-	-	-	6,001	-	665	665	6,666
Other expenses	-	-	-	-	-	-	-	-	3,979	3,979	825	50	875	4,854
Catering and event planning	-	-	-	-	-	-	-	-	-	-	-	161,395	161,395	161,395
Subtotal	3,415,333	1,730,056	665,286	637,984	1,914,356	258,681	29,963	97,517	220,755	8,969,931	630,638	1,374,810	2,005,448	10,975,379
Less investment advisory fees	-	-	-	-	-	-	-	-	-	-	(51,487)	-	(51,487)	(51,487)
Less direct special events expenses	-	-	-	-	-	-	-	-	-	-	-	(161,395)	(161,395)	(161,395)
Total	\$ 3,415,333	\$ 1,730,056	\$ 665,286	\$ 637,984	\$ 1,914,356	\$ 258,681	\$ 29,963	\$ 97,517	\$ 220,755	\$ 8,969,931	\$ 579,151	\$ 1,213,415	\$ 1,792,566	\$ 10,762,497

**The Elaine Kaufman Cultural Center/
Lucy Moses School for Music and Dance and Affiliate
Consolidated Statements of Cash Flows
Years Ended August 31, 2019 and 2018**

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (915,545)	\$ (1,042,293)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	811,380	991,590
Realized gain on investments	(409,641)	(157,349)
Unrealized (loss)gain on investments	85,484	(17,543)
Bad debt	6,598	7,559
Donated property and equipment	-	(49,015)
Subtotal	(421,724)	(267,051)
(Increase) decrease in assets:		
Accounts receivable	(14,535)	6,271
Contributions receivable	(167,196)	59,458
Government grants receivable	(50,039)	-
Accrued interest and other receivables	(30,776)	(31,174)
Prepaid expenses and other assets	(24,576)	22,952
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	18,923	(14,560)
Accrued salaries payable	43,459	(21,037)
Deferred revenue	(69,473)	29,414
Accrued retirement benefits payable	-	(6,000)
Net Cash Used in Operating Activities	(715,937)	(221,727)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property and equipment acquisitions	(89,432)	(22,664)
Proceeds from sales and redemptions of investments	1,760,425	1,759,604
Purchases of investments	(1,671,398)	(1,527,908)
Net Cash (Used in) Provided by Investing Activities	(405)	209,032
NET DECREASE IN CASH AND CASH EQUIVALENTS	(716,342)	(12,695)
Cash and cash equivalents - beginning of year	2,803,781	2,816,476
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 2,087,439	\$ 2,803,781

**THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 1—DESCRIPTION OF THE ORGANIZATION

These consolidated financial statements consist of the following individually incorporated entities: The Elaine Kaufman Cultural Center/Lucy Moses School for Music and Dance (the “Kaufman Center”) and Opus 118 Harlem School of Music (“Opus 118”) collectively (the “Center”).

The Kaufman Center, founded on the belief that the arts are essential to the human experience and a vital component of education for everyone, is a unique and innovative center for music education and performance in New York City, providing music education and performance programs for more than 75,000 New Yorkers of all ages and ability levels each year through the Lucy Moses School, Special Music School, Merkin Concert Hall, Face the Music and a vibrant musical theater program.

Opus 118 was founded in 1991. Opus 118 remains committed to its mission of providing quality music instruction and teacher development in an environment that nurtures excellence and creativity.

Effective September 1, 2014, the Kaufman Center became the sole member of Opus 118.

The Kaufman Center and Opus 118 are not-for-profit organizations exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and are publicly supported organizations as described in Section 509(a). The Center and Opus 118 are funded primarily through tuition, contributions and special events.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. ***Basis of Presentation*** – The consolidated financial statements are prepared on the accrual basis of accounting and include the consolidated financial statements of the Kaufman Center and Opus 118. All material inter-affiliate balances and transactions have been eliminated in the consolidation. The Center adheres to accounting principles generally accepted in the United States of America (“U.S. GAAP”).
- B. ***Net Asset Presentation*** – The Center’s net assets and revenues, gains and other support are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Center and changes therein are classified and reported as follows:
- Without donor restrictions – net assets that are not subject to donor-imposed stipulations over which the Board of Directors has discretionary control.
 - With donor restrictions – represents net assets whose use by the Center is limited by donor-imposed restrictions as to a specific purpose or time. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions. In addition, this class includes assets with donor-imposed restrictions on the corpus of the gifts specifying they be maintained in perpetuity and unappropriated earnings on endowment.
- C. ***Cash and Cash Equivalents*** – Cash and cash equivalents consist of highly liquid investments with maturities of three months or less at the time of purchase. In addition, the School maintains a portion of its operating funds in a certificate of deposit. As of August 31, 2019 and 2018, the certificate of deposit amounted to \$76,000 and \$74,974, respectively, and was carried at cost, which approximates fair value. The certificate of deposit had a maturity date of twelve months at time of purchase.
- D. ***Contributions Receivable*** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- E. **Accounts Receivable and Allowance for Doubtful Accounts** – Accounts receivable consist primarily of unpaid tuition and other fees. Accounts receivable are presented net of allowances for doubtful accounts. Management evaluates the need for an allowance for doubtful accounts applicable to its accounts based on various factors including age of the receivable, a review of payments subsequent to year end, and management’s evaluation of the collectability of the related accounts. As of August 31, 2019 and 2018, management determined that an allowance of \$7,665 and \$11,528, respectively, was necessary for accounts receivable. No allowance was necessary for contributions and government grants receivable.
- F. **Property and Equipment** – Property and equipment is stated at cost less accumulated depreciation. These amounts do not purport to represent replacement or realizable values. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets. Amortization of leasehold improvements is charged at the lesser of the life of the improvements or the lease. The Center capitalizes property and equipment with a cost of \$1,000 or more and a useful life greater than one year. Management periodically evaluates whether events or circumstances have occurred indicating that the carrying amount of long-lived assets may not be recovered.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	40 years
Building improvements	25 - 40 years
Furniture, equipment and instruments	5 - 10 years

- G. **Fair Value** – Investments are carried at estimated fair market value in the accompanying consolidated financial statements. The consolidated statements of activities include net return on investments consisting of interest and dividend income, realized and unrealized gains and losses, net of management and custodial fees. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Purchases and sales of securities are recorded on a trade-date basis.

Fair value measurements are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. In order to increase consistency and comparability in fair value measurements, a fair value hierarchy prioritizes observable and unobservable inputs used to measure fair value into three levels, as described in Note 4.

- H. **Donated Goods and Services** – The Center records contributed goods and services at their fair value on the date of receipt. It is the policy of the Center to record the estimated fair value of certain in-kind donations as property and equipment in its consolidated financial statements, and similarly increase contribution revenue by a like amount. For the years ended August 31, 2019 and 2018, \$0 and \$49,015 was received by the Center, respectively, in in-kind contributions.
- I. **Tuition and Related Revenues** – Tuition and related revenues are recognized on the accrual basis. Tuition and related revenues are billed in advance of services rendered, and revenues are recognized as lessons and the related services are provided. Payments received in advance are recorded as deferred income until earned.
- J. **Scholarships** – The policy of the Center has been to award scholarships to deserving students in lieu of accepting only students who have the ability to pay full tuition. Scholarships are netted against revenues in the consolidated statements of activities.
- K. **Presentation/Facilities Services** – Presentation/facilities services includes concert division revenues, which the Center recognizes when events occur. Payments received in advance of the events are deferred until recognized.
- L. **Rental Income** – Rental income is recorded in accordance with the terms of the agreement. Deferred rental income is recorded when it is material.

**THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- M. **Government Grants** – Government grants are recorded as revenues to the extent that expenditures have been incurred for the purposes specified by the granting agencies. Revenues from government contracts are subject to audit and negotiations between the Center and the government agencies. All government grants received are restricted for specific purposes.
- N. **Functional Allocation of Expenses** – The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statements of functional expenses. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.
- The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, insurance, and other, which are allocated on the basis of estimates of time and effort.
- O. **Use of Estimates** – The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.
- P. **Reclassifications** – Certain line items in the August 31, 2018 consolidated financial statements have been reclassified to conform to the August 31, 2019 presentation. Such reclassifications had no impact on the change in net assets for the year ended August 31, 2018.
- Q. **Recent Accounting Pronouncements** – Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2016-14, *Not-for-Profit Entities* (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*, was adopted for the year ended August 31, 2019. ASU 2016-14 provides for a number of changes, including the presentation of two classes of net assets and enhanced disclosure on liquidity resources and functional expense allocation. These changes had no impact on the change in net assets for the year ended August 31, 2018. As a result of implementing ASU 2016-14, the School reports net assets in two classes (see Note 2B), enhanced disclosures on methodologies used to allocate expenses by function (see Note 2N) and provides additional information about liquidity (see Note 3). Net assets as of August 31, 2018 were reclassified to conform to the current year presentation.

NOTE 3—LIQUIDITY AND AVAILABILITY

The Center regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Center has various sources of liquidity at its disposal, including cash and cash equivalents, investments, and receivables that provides funding for operations. In addition to financial assets available to meet general expenditures over the next 12 months, the Center anticipates collecting sufficient revenue to cover general expenditures.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 2,087,439
Investments	8,955,374
Contributions receivable	928,320
Accounts receivable, net	<u>11,482</u>
Total financial assets	11,982,615
Less: assets with donor restrictions	<u>8,219,808</u>
Financial assets available	<u>\$ 3,762,807</u>

**THE ELAINE KAUFMAN CULTURAL CENTER/
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 4—INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments consisted of the following as of August 31:

	<u>2019</u>	<u>2018</u>
Cash Equivalents	\$ 612,226	\$ 466,538
Corporate Bonds	3,738,898	3,408,771
Municipal Bonds	316,734	375,377
Common Stock	3,384,180	3,558,930
Mutual Funds	628,460	636,138
Certificate of Deposit	76,000	74,974
U.S. Treasury Bills	<u>198,876</u>	<u>199,516</u>
	<u>\$ 8,955,374</u>	<u>\$ 8,720,244</u>

Investment activity consisted of the following for the years ended August 31:

	<u>2019</u>	<u>2018</u>
Interest and dividends	\$ 269,245	\$ 251,875
Realized gain on investments	409,641	157,349
Unrealized (loss)gain on investments	<u>(85,484)</u>	<u>17,543</u>
	<u>593,402</u>	<u>426,767</u>
Less: investment advisory fees	<u>(48,211)</u>	<u>(51,487)</u>
Net investment income	<u>\$ 545,191</u>	<u>\$ 375,280</u>

The fair value hierarchy defines three levels as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Center has the ability to access.

Level 2 - Inputs to the valuation methodology include: quoted prices for similar assets or liabilities in active markets; quoted prices for similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the assets or liability; inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The Center currently does not have Level 3 investments included in its investment portfolio.

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of August 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash Equivalents	\$ 612,226	\$ -	\$ 612,226
Corporate Bonds	-	3,738,898	3,738,898
Municipal Bonds	-	316,734	316,734
Common Stock	3,384,180	-	3,384,180
Mutual Funds	628,460	-	628,460
Certificate of Deposit	-	76,000	76,000
U.S. Treasury Bills	<u>198,876</u>	<u>-</u>	<u>198,876</u>
	<u>\$ 4,823,742</u>	<u>\$ 4,131,632</u>	<u>\$ 8,955,374</u>

**THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 4—INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The following table sets forth by level, within the fair value hierarchy, the assets at fair value as of August 31, 2018:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Cash Equivalents	\$ 466,538	\$ -	\$ 466,538
Corporate Bonds	-	3,408,771	3,408,771
Municipal Bonds	-	375,377	375,377
Common Stock	3,558,930	-	3,558,930
Mutual Funds	636,138	-	636,138
Certificate of Deposit	-	74,974	74,974
U.S. Treasury Bills	199,516	-	199,516
	<u>\$ 4,861,122</u>	<u>\$ 3,859,122</u>	<u>\$ 8,720,244</u>

NOTE 5—CONTRIBUTIONS RECEIVABLE

Contributions receivable due in more than one-year are recorded at the net present value, determined using a discount rate commensurate with the rate on U.S. Treasury Bills. The discount rates range from 5 – 5.5 percent. Amortization of the discount is reflected as contribution revenue in the accompanying consolidated financial statements.

Contributions receivable are due to be collected as follows:

2020	\$ 603,100
2021	268,750
2022	68,750
2023	<u>8,000</u>
	948,600
Less: discount to present value	<u>(20,280)</u>
Total	<u>\$ 928,320</u>

NOTE 6—PROPERTY AND EQUIPMENT, NET

Property and equipment consisted of the following at August 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 993,154	\$ 993,154
Building	3,799,308	3,799,308
Building Improvements	18,309,290	18,234,334
Furniture, equipment and instruments	<u>2,689,298</u>	<u>2,803,277</u>
	25,791,050	25,830,073
Less: accumulated depreciation	<u>(15,689,567)</u>	<u>(15,006,642)</u>
Property and equipment, net	<u>\$ 10,101,483</u>	<u>\$ 10,823,431</u>

For the years ended August 31, 2019 and 2018, depreciation expense amounted to \$811,380 and \$991,590, respectively. During the year ended August 31, 2019, the Center disposed of fully depreciated assets amounting to \$128,455.

**THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 7—COMMITMENTS AND CONTINGENCIES

The Center believes it has no uncertain tax positions as of August 31, 2019 and 2018, in accordance with Accounting Standards Codification (“ASC”) Topic 740, *Income Taxes*, which provides standards for establishing and classifying any tax provisions for uncertain tax positions.

NOTE 8—NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the purposes listed below as of August 31:

	<u>2019</u>	<u>2018</u>
Subject to spending policy and appropriations		
Chorale	\$ 150,000	\$ 150,000
Library	553,831	553,831
Lucy Moses School	300,000	300,000
Merkin Concert Hall	200,000	200,000
Operating	3,980,590	3,980,590
Scholarship	860,477	812,639
Loan Fund	25,000	25,000
Special Music School	<u>167,472</u>	<u>167,472</u>
Total subject to spending policy and appropriations	<u>6,237,370</u>	<u>6,189,532</u>
Subject to expenditure for specified purpose and the passage of time		
Special Music School K-8	499,547	24,000
Special Music School H.S.	-	85,000
Special Purpose – music and arts program	153,716	168,254
Capital Building	1,321,445	1,470,585
Passage of time	4,000	-
Special Projects	<u>3,730</u>	<u>10,000</u>
Total subject to expenditure for specified purpose and the passage of time	<u>1,982,438</u>	<u>1,757,839</u>
Total net assets with donor restrictions	<u>\$ 8,219,808</u>	<u>\$ 7,947,371</u>

Net assets released from donor restrictions by either passage of time or meeting the donors’ restrictions amounted to \$1,151,860 and \$1,827,490 for the years ended August 31, 2019 and 2018, respectively.

NOTE 9—ENDOWMENT FUNDS

The Board of the Center recognizes that New York State adopted the New York Prudent Management of Institutional Funds Act (“NYPMIFA”) on September 17, 2010. NYPMIFA replaced the prior law which was the Uniform Management of Institutional Funds Act (“UMIFA”). NYPMIFA created a rebuttable presumption of imprudence if an organization appropriates more than 7% of a donor-restricted permanent endowment fund’s fair value (averaged over a period of not less than the preceding five years) in any year. Any unappropriated earnings that would otherwise be considered without donor restrictions will be reflected as net assets with donor restrictions until appropriated.

The Board explicitly appropriated all earnings as of and prior to September 17, 2010, whether deemed spent or not, as without restrictions. All unappropriated earnings on donor-restricted endowment funds after September 17, 2010, that would otherwise be considered without restrictions by the donor, are reflected as donor-restricted assets until appropriated.

**THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 9—ENDOWMENT FUNDS (CONTINUED)

The Board of Directors has interpreted NYPMIFA as allowing the Center to appropriate for expenditure or accumulate so much of an endowment fund as the Center determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established, subject to the intent of the donor as expressed in the gift instrument. Unless stated otherwise in the gift instrument, the assets in a donor-restricted endowment fund shall be donor-restricted assets until appropriated for expenditure by the Board of Directors.

As a result of this interpretation, the Center has not changed the way net assets restricted in perpetuity are classified. The remaining portion of the donor-restricted endowment fund that is not classified as restricted in perpetuity is classified as net assets with donor restrictions, until those amounts are appropriated for expenditure in a manner consistent with the standard of prudence prescribed by NYPMIFA.

To satisfy its long-term objectives, the Center relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Center targets a diverse asset allocation that places an equal emphasis on equity-based and fixed income investments to achieve its long-term return objectives within prudent risk constraints.

The Center considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the funds; availability of other funding sources; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation/depreciation of investments; and the investment policy of the Center, as enforced by the Investment Committee of the Board of Directors.

The Center appropriates the actual investment income from the with donor restricted net assets for use. In establishing this policy, the Center considered the long-term expected return on its endowment.

The following table summarizes the changes in the Center endowment net assets for the years ended August 31, 2019 and 2018:

Endowment net assets, August 31, 2017	\$ 6,159,532
Appropriation for expenditures	(335,722)
Contributions	5,000
Interest and dividends	206,562
Investment return	<u>129,160</u>
Endowment net assets, August 31, 2018	<u>\$ 6,164,532</u>
Appropriation for expenditures	(485,336)
Contributions	47,838
Interest and dividends	213,830
Investment return	<u>271,506</u>
Endowment net assets, August 31, 2019	<u>\$ 6,212,370</u>

NOTE 10—RENTAL INCOME

On August 31, 2012, the Center signed an extension of the license agreement with The New York City School Construction Authority (“Authority”) for the Special Music School for ten additional years, expiring September 1, 2022. The Authority has the option to terminate the lease upon providing 30 days’ notice.

Future minimum rental income, presuming no election to terminate the lease, is as follows:

2020	\$	735,964
2021		762,824
2022		762,824

**THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE AND AFFILIATE
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
AUGUST 31, 2019 AND 2018**

NOTE 11—EMPLOYEE BENEFIT PLAN

The Center has a defined contribution plan with Teachers Insurance and Annuity Association (“TIAA”). Eligible employees may receive up to a 7% annual contribution depending on length of service. Pension expense for the years ending August 31, 2019 and 2018 was \$166,098 and \$202,206, respectively.

NOTE 12—CONCENTRATIONS

Cash and cash equivalents that potentially subject the Center to a concentration of credit risk include cash accounts with banks that exceed the Federal Deposit Insurance Corporation (“FDIC”) insurance limits. Interest-bearing accounts are insured up to \$250,000 per depositor. As of August 31, 2019 and 2018 there was approximately \$1,568,000 and \$2,300,000, respectively, of cash and cash equivalents held by banks that exceeded FDIC limits. Such excess includes outstanding checks.

NOTE 13—RELATED PARTY TRANSACTIONS

On June 22, 2012, the Center signed an agreement to loan \$50,000 to the School. The funds were transferred to the School on August 13, 2012. Interest accrues monthly at a rate of 3%. Interest expense for each of the years ended August 31, 2019 and 2018 amounted to \$1,500. The entire principal and interest balance is due thirty days after written demand by the Center. The note is secured by an interest in the School’s personal property. The Center had not demanded payment on the loan and accrued interest as of August 31, 2019 and 2018.

The Center charged the School \$37,800 for administrative services during each of the years ended August 31, 2019 and 2018. The School owed the Center \$1,295 and \$848 as of August 31, 2019 and 2018, respectively, for expenses that the Center paid on behalf of the School.

Such inter-affiliate balances and transactions have been eliminated in the consolidation.

NOTE 14—SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 7, 2020, the date the consolidated financial statements were available to be issued. The Center is not aware of any material subsequent events.

**THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE AND AFFILIATE
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
AS OF AUGUST 31, 2019
(With Comparative Totals as of August 31, 2018)**

	<u>Center</u>	<u>Opus 118</u>	<u>Eliminations</u>	<u>2019 Total</u>	<u>2018 Total</u>
Assets					
Cash and cash equivalents	\$ 1,994,004	\$ 93,435	\$ -	\$ 2,087,439	\$ 2,803,781
Certificates of deposit	-	76,000	-	76,000	74,974
Investments	8,879,374	-	-	8,879,374	8,645,270
Accounts receivable, net	11,482	-	-	11,482	3,545
Contributions receivable	883,320	45,000	-	928,320	761,124
Government grants receivable	39,434	10,605	-	50,039	-
Note receivable from Opus 118	50,000	-	(50,000)	-	-
Accrued interest and other receivables	120,135	-	(10,781)	109,354	78,578
Prepaid expenses and other assets	155,635	-	-	155,635	131,059
Due from Opus 118	1,295	-	(1,295)	-	-
Property and equipment, net	10,045,696	55,787	-	10,101,483	10,823,431
Total assets	<u>\$ 22,180,375</u>	<u>\$ 280,827</u>	<u>\$ (62,076)</u>	<u>\$ 22,399,126</u>	<u>\$ 23,321,762</u>
Liabilities					
Accounts payable and accrued expenses	\$ 132,933	\$ 139	\$ -	\$ 133,072	\$ 114,149
Accrued salaries payable	125,975	-	-	125,975	82,516
Accrued interest payable	-	10,781	(10,781)	-	-
Note payable to the Center	-	50,000	(50,000)	-	-
Due to the Center	-	1,295	(1,295)	-	-
Deferred revenue - ticket sales	266,847	-	-	266,847	263,055
Deferred revenue - tuition and other fees	659,985	9,546	-	669,531	742,796
Total liabilities	<u>1,185,740</u>	<u>71,761</u>	<u>(62,076)</u>	<u>1,195,425</u>	<u>1,202,516</u>
Net Assets					
Without donor restrictions	12,845,282	138,611	-	12,983,893	14,171,875
With donor restrictions	8,149,353	70,455	-	8,219,808	7,947,371
Total net assets	<u>20,994,635</u>	<u>209,066</u>	<u>-</u>	<u>21,203,701</u>	<u>22,119,246</u>
Total liabilities and net assets	<u>\$ 22,180,375</u>	<u>\$ 280,827</u>	<u>\$ (62,076)</u>	<u>\$ 22,399,126</u>	<u>\$ 23,321,762</u>

See Independent Auditors' Report.

**THE ELAINE KAUFMAN CULTURAL CENTER/
LUCY MOSES SCHOOL FOR MUSIC AND DANCE AND AFFILIATE
CONSOLIDATING STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED AUGUST 31, 2019
(With Comparative Totals For the Year Ended August 31, 2018)**

	Without Donor Restrictions				With Donor Restrictions			
	Center	Opus 118	Eliminations	Total	Center	Opus 118	Total 2019	Total 2018
Revenues, Gains and Other Support								
Tuition and related revenues	\$ 3,724,124	\$ 126,567	\$ -	\$ 3,850,691	\$ -	\$ -	\$ 3,850,691	\$ 3,813,684
Less scholarships	(219,475)	(62,603)	-	(282,078)	-	-	(282,078)	(269,481)
Presentation/facilities services	1,399,148	-	-	1,399,148	-	-	1,399,148	1,371,238
Contributions	1,507,871	155,623	-	1,663,494	689,648	145,525	2,498,667	2,332,556
Contributions - in-kind	-	-	-	-	-	-	-	49,015
Special events (net of direct expenses \$167,674 in 2019 and \$161,395 in 2018)	701,164	-	-	701,164	-	-	701,164	841,044
Special projects contributions	-	-	-	-	103,788	-	103,788	35,273
Rental income	735,964	-	-	735,964	-	-	735,964	709,105
Government grants	264,670	-	-	264,670	-	-	264,670	261,000
Contracted services	93,369	100,000	(37,800)	155,569	-	-	155,569	164,953
Investment return	61,355	-	(1,500)	59,855	485,336	-	545,191	375,280
Other income	5,616	1,831	-	7,447	-	-	7,447	36,537
Net assets released from restrictions	990,740	161,120	-	1,151,860	(990,740)	(161,120)	-	-
Total revenues, gains and other support	9,264,546	482,538	(39,300)	9,707,784	288,032	(15,595)	9,980,221	9,720,204
Expenses								
Program expenses	8,725,371	288,940	-	9,014,311	-	-	9,014,311	8,969,931
Supporting services:								
Management and general	604,177	140,086	(39,300)	704,963	-	-	704,963	579,151
Fund raising	1,147,057	29,435	-	1,176,492	-	-	1,176,492	1,213,415
Total supporting services	1,751,234	169,521	(39,300)	1,881,455	-	-	1,881,455	1,792,566
Total expenses	10,476,605	458,461	(39,300)	10,895,766	-	-	10,895,766	10,762,497
Change in Net Assets	(1,212,059)	24,077	-	(1,187,982)	288,032	(15,595)	(915,545)	(1,042,293)
Net Assets, Beginning of Year	14,057,341	114,534	-	14,171,875	7,861,321	86,050	22,119,246	23,161,539
Net Assets, End of Year	\$ 12,845,282	\$ 138,611	\$ -	\$ 12,983,893	\$ 8,149,353	\$ 70,455	\$ 21,203,701	\$ 22,119,246

**The Elaine Kaufman Cultural Center/
Lucy Moses School for Music and Dance and Affiliate
Consolidating Statement of Functional Expenses
For the Year Ended August 31, 2019
(With Comparative Totals for August 31, 2018)**

	The Kaufman Center												
	Lucy Music School	Special Music School K-8	Special Music School H.S.	Theatre Program	Presentations/ Facilities Services	Face The Music	Library	Special Projects	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total The Kaufman Center
Salaries	\$ 2,378,657	\$ 942,970	\$ 536,994	\$ 300,180	\$ 889,893	\$ 185,806	\$ 12,190	\$ 22,419	\$ 5,269,109	\$ 325,588	\$ 699,829	\$ 1,025,417	\$ 6,294,526
Payroll taxes and employee benefits	385,457	187,941	89,099	50,146	187,434	31,090	1,946	11,357	944,470	51,520	110,608	162,128	1,106,598
Total salaries and related expenses	2,764,114	1,130,911	626,093	350,326	1,077,327	216,896	14,136	33,776	6,213,579	377,108	810,437	1,187,545	7,401,124
Supplies and printing	61,417	7,314	4,219	22,937	95,635	8,587	37	2,338	202,484	5,274	59,673	64,947	267,431
Office expenses	29,817	2,914	1,637	8,574	30,936	2,995	151	248	77,272	5,882	22,074	27,956	105,228
Equipment rental and maintenance	27,850	14,254	1,359	759	24,601	1,705	190	-	70,718	5,716	19,190	24,906	95,624
Professional services	110,089	15,830	13,907	43,895	76,487	9,401	928	21,523	292,060	178,859	48,705	227,564	519,624
Advertising promotional materials	-	-	-	-	1,629	-	-	-	1,629	36,154	-	36,154	37,783
Cultivation expenses	9,783	1,337	617	1,071	2,552	2,740	-	3,869	21,969	4,558	37,434	41,992	63,961
Piano tuning and instrumental	22,076	8,198	16,082	1,710	39,660	5,822	-	740	94,288	-	-	-	94,288
Graphic artist	5,400	-	-	-	-	-	-	-	5,400	-	-	-	5,400
Artists' fees	-	-	-	83,775	97,200	16,543	-	186	197,704	-	-	-	197,704
Publication and conventions	9,200	-	-	100	739	88	450	-	10,577	2,411	2,974	5,385	15,962
Concession expense	-	-	-	-	13,218	-	-	-	13,218	2,420	-	2,420	15,638
Service charges	59,806	920	215	8,002	9,787	765	-	-	79,495	-	21,574	21,574	101,069
Space rental	-	-	-	10,000	-	28,289	-	-	38,289	-	-	-	38,289
Insurance	-	-	-	-	5,508	-	-	-	5,508	-	-	-	5,508
Marketing expenses	47,324	14,022	3,506	3,507	67,480	2,629	-	-	138,468	-	36,808	36,808	175,276
Building expense	135,739	212,024	1,655	20,198	147,036	1,598	4,279	-	522,529	11,411	36,631	48,042	570,571
Depreciation	190,279	297,216	2,320	28,314	206,116	2,240	5,999	-	732,484	15,997	51,349	67,346	799,830
Bad debt	-	-	-	-	-	-	-	-	-	6,598	-	6,598	6,598
Sundry	1,756	1,270	1,560	-	1,467	1,647	-	-	7,700	-	208	208	7,908
Other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Catering and event planning	-	-	-	-	-	-	-	-	-	-	167,674	167,674	167,674
Subtotal	3,474,650	1,706,210	673,170	583,168	1,897,378	301,945	26,170	62,680	8,725,371	652,388	1,314,731	1,967,119	10,692,490
Less: investment advisory fees	-	-	-	-	-	-	-	-	-	(48,211)	-	(48,211)	(48,211)
Less: direct special events expenses	-	-	-	-	-	-	-	-	-	-	(167,674)	(167,674)	(167,674)
Total Expenses	\$ 3,474,650	\$ 1,706,210	\$ 673,170	\$ 583,168	\$ 1,897,378	\$ 301,945	\$ 26,170	\$ 62,680	\$ 8,725,371	\$ 604,177	\$ 1,147,057	\$ 1,918,908	\$ 10,476,605

**The Elaine Kaufman Cultural Center/
Lucy Moses School for Music and Dance and Affiliate
Consolidating Statement of Functional Expenses
For the Year Ended August 31, 2019
(With Comparative Totals for August 31, 2018)**

Opus 118									
	Opus 118 In-School	Opus 118 After-School	Total Program Services	Management and General	Fundraising	Total Opus 118	Eliminations	Consolidated Total 2019	Consolidated Total 2018
Salaries	\$ 115,543	\$ 114,405	\$ 229,948	\$ 44,241	\$ 18,960	\$ 293,149	\$ -	\$ 6,587,675	\$ 6,177,237
Payroll taxes and employee benefits	14,144	12,636	26,780	5,152	2,208	34,140	-	1,140,738	1,167,957
Total salaries and related expenses	129,687	127,041	256,728	49,393	21,168	327,289	-	7,728,413	7,345,194
								-	-
Supplies and printing	205	366	571	1,877	4,878	7,326	-	274,757	222,264
Office expenses	-	-	-	629	640	1,269	-	106,497	106,925
Equipment rental and maintenance	-	-	-	-	-	-	-	95,624	103,928
Professional services	-	-	-	59,477	-	59,477	(39,300)	539,801	659,146
Advertising promotional materials	-	-	-	-	-	-	-	37,783	57,325
Cultivation expenses	-	-	-	77	-	77	-	64,038	54,941
Piano tuning and instrumental	846	1,500	2,346	175	-	2,521	-	96,809	95,636
Graphic artist	-	-	-	1,500	1,500	3,000	-	8,400	9,056
Artists' fees	-	-	-	-	-	-	-	197,704	223,485
Publication and conventions	-	-	-	25	-	25	-	15,987	22,282
Concession expense	-	-	-	-	-	-	-	15,638	10,120
Service charges	-	-	-	-	-	-	-	101,069	88,636
Space rental	-	2,028	2,028	1,634	-	3,662	-	41,951	22,966
Insurance	-	11,256	11,256	23,726	1,249	36,231	-	41,739	19,429
Marketing expenses	-	-	-	-	-	-	-	175,276	248,973
Building expense	-	-	-	-	-	-	-	570,571	513,009
Depreciation	6,584	4,966	11,550	-	-	11,550	-	811,380	991,590
Bad debt	-	-	-	-	-	-	-	6,598	7,559
Sundry	-	-	-	-	-	-	-	7,908	6,666
Other expenses	38	4,423	4,461	1,573	-	6,034	-	6,034	4,854
Catering and event planning	-	-	-	-	-	-	-	167,674	161,395
Subtotal	137,360	151,580	288,940	140,086	29,435	458,461	(39,300)	11,111,651	10,975,379
Less: investment advisory fees	-	-	-	-	-	-	-	(48,211)	(51,487)
Less: direct special events expenses	-	-	-	-	-	-	-	(167,674)	(161,395)
Total Expenses	\$ 137,360	\$ 151,580	\$ 288,940	\$ 140,086	\$ 29,435	\$ 458,461	\$ (39,300)	\$ 10,895,766	\$ 10,762,497