

**CATHEDRAL ARTS PROJECT, INC.  
(A Nonprofit Organization)**

**INDEPENDENT AUDITORS' REPORTS,  
FINANCIAL STATEMENTS, AND  
SUPPLEMENTARY INFORMATION**

**June 30, 2018 and 2017**

**Cathedral Arts Project, Inc.**  
**June 30, 2018 and 2017**  
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Mark R. Patrick, CPA  
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### INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Cathedral Arts Project, Inc.  
Jacksonville, Florida

#### Report on the Financial Statements

We have audited the accompanying financial statements of Cathedral Arts Project, Inc. (the "Organization"), a non-profit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

#### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### Auditors' 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, an 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

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significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2018 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplementary information listed in the table of contents is presented for the purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.

### Other Reporting Requirements by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2018, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

### Report on Summarized Comparative Information

We have previously audited the Organization's 2017 financial statements, and our report dated September 18, 2017 expressed an unmodified opinion on those audited financial statements.

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.

*Patrick & Raines, LLC*

Patrick & Raines, LLC  
Jacksonville, Florida  
October 22, 2018

**CATHEDRAL ARTS PROJECT, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2018 AND 2017**

	2018	2017
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 724,527	\$ 595,692
Unconditional promises to give		
Unrestricted	89,862	107,265
Prepaid expenses	13	3,784
Total current assets	814,402	706,741
Fixed assets:		
Furniture, fixtures and equipment	134,550	134,550
Computers and software	42,565	36,278
Website	20,347	20,347
Telephone equipment	9,404	9,404
Program equipment	10,447	10,447
Leasehold improvements	144,629	144,629
Less accumulated depreciation	( 238,359)	( 189,510)
Total fixed assets	123,583	166,145
Other assets:		
Donor Endowment	56,750	56,750
Security deposit on leased office space	11,600	11,600
Total other assets	68,350	68,350
Total assets	\$ 1,006,335	\$ 941,236
<b>Liabilities and Net Assets</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 20,823	\$ 13,196
Total current liabilities	20,823	13,196
Net assets:		
Unrestricted	946,824	882,540
Temporarily restricted	38,688	45,500
Total net assets	985,512	928,040
Total liabilities and net assets	\$ 1,006,335	\$ 941,236

The accompanying notes are an integral part of this statement.

**CATHEDRAL ARTS PROJECT, INC.**  
**STATEMENTS OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2018 WITH SUMMARIZED FINANCIAL INFORMATION**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	2018			2017
	Unrestricted	Temporarily Restricted	Total	Total
<b>REVENUE AND SUPPORT</b>				
Cultural Council of Greater Jacksonville	\$ 211,206	\$ 0	\$ 211,206	\$ 206,604
State of Florida	44,537	0	44,537	88,971
National Endowment for the Arts	0	0	0	62,500
Contributions - corporate and foundations	489,590	32,688	522,278	474,909
Contributions - general public	379,276	6,000	385,276	166,897
Gifts-in-kind	40,451	0	40,451	77,845
Special events:				
Angels of the Arts	0	0	0	10,000
Showcase	11,271	0	11,271	9,271
Spring for the Arts	636,180	0	636,180	575,368
CAPtivators	15,037	0	15,037	22,009
Holiday cards	340	0	340	1,795
Other special events	450	0	450	( 1,644)
Program fees	30,564	0	30,564	72,146
Membership fees	820	0	820	2,230
Investment income	2,574	0	2,574	2,095
Sublease income	0	0	0	900
Realized gain on sale of investments	1,258	0	1,258	0
Net assets released from restrictions	45,500	( 45,500)	0	0
Total revenue and support	<u>1,909,054</u>	<u>( 6,812)</u>	<u>1,902,242</u>	<u>1,771,896</u>
<b>EXPENSES</b>				
Program services				
Education programs	1,289,045	0	1,289,045	1,181,681
Support services				
Management and general	211,109	0	211,109	190,580
Fundraising	344,616	0	344,616	303,241
Total expenses	<u>1,844,770</u>	<u>0</u>	<u>1,844,770</u>	<u>1,675,502</u>
CHANGE IN NET ASSETS	64,284	( 6,812)	57,472	96,394
NET ASSETS, BEGINNING OF YEAR	<u>882,540</u>	<u>45,500</u>	<u>928,040</u>	<u>831,646</u>
NET ASSETS, END OF YEAR	<u>\$ 946,824</u>	<u>\$ 38,688</u>	<u>\$ 985,512</u>	<u>\$ 928,040</u>

The accompanying notes are an integral part of this statement.

**CATHEDRAL ARTS PROJECT, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED JUNE 30, 2018**

	PROGRAM SERVICES	SUPPORT SERVICES		Total
	Education Programs	Fundraising	Management and General	
Salaries	\$ 718,639	\$ 77,227	\$ 94,408	\$ 890,274
Payroll taxes	49,990	5,089	6,597	61,676
Employee benefits	138,195	19,867	24,526	182,588
Total personnel expenses	<u>906,824</u>	<u>102,183</u>	<u>125,531</u>	<u>1,134,538</u>
Professional and contract services	62,415	48,527	34,842	145,784
Supplies	55,195	75,428	3,793	134,416
Occupancy	122,826	16,889	13,818	153,533
Telephone	2,285	314	257	2,856
Postage and shipping	4,092	1,165	246	5,503
Printing and publications	6,896	14,103	1,642	22,641
Advertising and promotion	14,913	1,571	378	16,862
Travel	20,901	2,090	4,206	27,197
Conferences and meetings	13,229	58,639	7,275	79,143
Membership dues	2,142	1,009	3,825	6,976
Insurance	18,112	2,490	2,038	22,640
Equipment rental and maintenance	4,887	672	550	6,109
Other expense	15,250	14,163	8,312	37,725
Depreciation	<u>39,078</u>	<u>5,373</u>	<u>4,396</u>	<u>48,847</u>
Total expenses	<u>\$ 1,289,045</u>	<u>\$ 344,616</u>	<u>\$ 211,109</u>	<u>\$ 1,844,770</u>

The accompanying notes are an integral part of this statement.



**CATHEDRAL ARTS PROJECT, INC.**  
**STATEMENTS OF FUNCTIONAL EXPENSE**  
**FOR THE YEAR ENDED JUNE 30, 2017**

	<u>PROGRAM SERVICES</u>	<u>SUPPORT SERVICES</u>		
	Education Programs	Fundraising	Management and General	Total
Salaries	\$ 627,094	\$ 63,133	\$ 85,759	\$ 775,986
Payroll taxes	50,416	5,248	7,942	63,606
Employee benefits	101,980	16,027	31,167	149,174
Total personnel expenses	<u>779,490</u>	<u>84,408</u>	<u>124,868</u>	<u>988,766</u>
Professional and contract services	52,423	56,705	23,274	132,402
Supplies	75,739	61,153	5,441	142,333
Occupancy	118,112	16,240	13,288	147,640
Telephone	3,724	512	419	4,655
Postage and shipping	2,610	2,845	1,055	6,510
Printing and publications	15,456	13,171	1,269	29,896
Advertising and promotion	4,970	3,451	683	9,104
Travel	15,380	897	1,204	17,481
Conferences and meetings	36,285	40,954	6,577	83,816
Membership dues	1,950	1,625	3,953	7,528
Insurance	16,354	2,249	1,840	20,443
Equipment rental and maintenance	5,722	787	644	7,153
Other expense	14,365	12,868	1,666	28,899
Depreciation	39,101	5,376	4,399	48,876
Total expenses	<u>\$ 1,181,681</u>	<u>\$ 303,241</u>	<u>\$ 190,580</u>	<u>\$ 1,675,502</u>

The accompanying notes are an integral part of this statement.

**CATHEDRAL ARTS PROJECT, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED JUNE 30, 2018 AND 2017**

	2018	2017
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 57,472	\$ 96,394
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:		
Depreciation	48,847	48,876
Changes in operating assets and liabilities:		
Decrease in unconditional promises to give	17,403	14,476
Decrease in prepaid expenses	3,771	2,043
Increase in donor endowment fund	0	( 750)
Increase in accounts payable	7,627	4,312
Decrease in deferred revenue	0	( 16,212)
Net cash provided by operating activities	135,120	149,139
<b>Cash flows from investing activities:</b>		
Purchase of equipment	( 6,285)	( 5,200)
Net cash used by investing activities	( 6,285)	( 5,200)
 Net increase in cash	 128,835	 143,939
 <b>Cash at beginning of year</b>	 595,692	 451,753
 <b>Cash at end of year</b>	 \$ 724,527	 \$ 595,692

The accompanying notes are an integral part of this statement.

**CATHEDRAL ARTS PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

1. Summary of Significant Accounting Policies

Business Activity

Cathedral Arts Project, Inc. is a not-for-profit corporation located in Jacksonville, Florida, that seeks to both provide and increase access to quality arts education to children and youth who might not otherwise be exposed to such. This is accomplished through advocacy, partnership building and afterschool, school day and summer programs in dance, media arts, music, theater and visual arts for children and youth throughout Duval County. Priority for direct services is given to those who attend lower-income schools and/or participate in programs at community centers that serve lower-income families. The Organization's support comes primarily from contributions from corporations, private foundations and individuals.

Basis of Accounting

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. The financial statements of the Organization have been prepared on the accrual basis of accounting. The revenues are recognized when they become measurable and available and expenses are generally recognized when the related liability is incurred.

Basis of Presentation

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

In accordance with generally accepted accounting principles, the Organization 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. At June 30, 2018 and 2017, the Organization had no permanently restricted net assets.

**CATHEDRAL ARTS PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

1. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

The Organization considers all highly liquid investments with maturities of three months or less when purchased, to be cash equivalents and are measured as Level 1 fair values. Level 1 fair values are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

Property and Equipment

Property and equipment is recorded at cost, if purchased, or if donated, at the estimated fair value at the date of donation. The cost is depreciated over the estimated useful lives of the related assets. The Organization's current policy is to capitalize all assets acquired in excess of \$250 and having an estimated useful life of greater than one year. Depreciation is computed using the straight-line method. The useful lives used for depreciation range from five to ten years.

When depreciable assets are retired or otherwise disposed of the cost is removed from the asset accounts and the related accumulated depreciation accounts, with the net difference subtracted from any revenue from the disposal recorded as income or loss in the period sold.

Contributions and Promises to Give

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are received subject to certain donor stipulations are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. 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 in the statement of activities as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectible promises to give. The allowance is based on prior years' experience and management's analysis of specific promises made. At June 30, 2018 and 2017, all promises to give were considered collectible, therefore no allowance was established.

**CATHEDRAL ARTS PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

1. Summary of Significant Accounting Policies (continued)

Donated Services and In-Kind Contributions

Many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific programs, various committee assignments, and fundraising services throughout the year. Contributed services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are performed by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. Noncash donations are recorded as in-kind contributions at their estimated fair value at the date of donation.

Functional Allocation of Expenses

The Organization allocates its expenses on a functional basis among its various programs and activities. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification. Other expenses that are common to several activities are allocated based on various relationships. Management and general expenses include those expenses that are not indirectly identifiable with any other specific function but provide overall support for the Organization. Fundraising expenses include direct expenses associated with fundraising events.

Grant and Contract Revenue and Support

The Organization received funding from government agencies. Any of the funding sources may, at its discretion, request reimbursement for expenses or return of funds, or both, as a result of non-compliance by the Organization with the terms of the grants or contracts.

Income Taxes

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, as a not-for-profit corporation. The tax reform act of 1969 imposed a corporate income tax on the "unrelated business income" of an otherwise tax-exempt organization. No provision has been made for income taxes in the accompanying financial statements, since the Organization has no unrelated business income.

**CATHEDRAL ARTS PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

1. Summary of Significant Accounting Policies (continued)

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 that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management periodically evaluates estimates used in the preparation of the financial statements for continued reasonableness. Appropriate adjustments, if any, to the estimates used are made prospectively based upon such periodic evaluation. It is reasonably possible that changes may occur in the near term that would affect management's estimates with respect to the accrued expenses.

2. Cash and Cash Equivalents

The cash balances reflected on the statements of financial position include amounts that are subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. For the years ended June 30, 2018 and 2017, the restricted cash amount was \$38,688 and \$45,500, respectively.

The Organization is required to maintain a separate demand bank account for funds received from the Cultural Services Grant from the Cultural Council of Greater Jacksonville, Inc.

3. Promises to Give

Unconditional promises to give consist of the following:

	<u>2018</u>	<u>2017</u>
Unrestricted promises:		
From individuals	\$ 39,714	\$ 12,015
From corporations and foundations	<u>50,148</u>	<u>95,250</u>
Total unconditional promises to give	89,862	107,265
Less allowance for uncollectible promises	<u>0</u>	<u>0</u>
Net unconditional promises to give	<u>\$ 89,862</u>	<u>\$ 107,265</u>

**CATHEDRAL ARTS PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

4. Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2018</u>	<u>2017</u>
Salvation Army Early Learning Music & Movement	\$ 0	\$ 15,500
DJJ Programming	0	6,250
Lakeshore Theatre Civics	0	17,500
Boys and Girls Club Programming	18,236	0
CAPabilities	10,000	0
2018/2019 Contribution	6,000	0
Showcase	3,000	0
Youth Crisis Center	1,452	0

5. Concentration of Credit Risk

The Organization maintains its cash in a financial institution in a national bank. The balance is insured by the Federal Deposit Insurance Corporation up to \$250,000. On June 30, 2018 and 2017, the Organization's uninsured cash balances totaled \$416,034 and \$288,165, respectively.

6. Donated Materials, Services and Facilities

The Organization receives donated materials, services and facilities for use in its programs and supporting services. During the years ended June 30, 2018 and 2017, the Organization received the following donated materials, services and facilities:

	<u>2018</u>	<u>2017</u>
Revenue and Support:		
Gifts-in-kind, services	\$ 14,580	\$ 45,748
Gifts-in-kind, supplies	25,871	32,097
	<u>\$ 40,451</u>	<u>\$ 77,845</u>
Expenses:		
Professional and contract services	\$ 14,580	\$ 45,748
Program supplies	2,705	2,530
Fundraising supplies	23,166	29,567
	<u>\$ 40,451</u>	<u>\$ 77,845</u>

The Organization also receives a significant amount of donated services from volunteers who assist in fundraising and special projects.

**CATHEDRAL ARTS PROJECT, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017**

6. Donated Materials, Services and Facilities (continued)

For the years ended June 30, 2018 and 2017, the Organization received an estimated 1,496 and 1,177 volunteer hours, respectively. No amounts related to these volunteer hours have been recognized in the statement of activities since these services do not meet the criteria for recognition as contributed services.

7. Operating Lease

The Organization leases office space, storage space and a copier under an operating lease agreement. The lease for office space in the Elks Building expires on January 31, 2020 and the copier lease expires on November 30, 2022. Rent expense under the operating lease was \$143,265 and \$139,107 for 2018 for 2017, respectively.

Future minimum lease payments under the operating lease as of June 30, 2018 are:

For the Year Ending June 30,	
2019	150,887
2020	91,180
2021	3,648
2022	3,648
Thereafter	1,824
	<u>\$ 251,187</u>

8. Income Taxes

The Organization adopted ASC 740-10 *Income Taxes*, (formerly Financial Accounting Standards interpretation No. 48, *Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109*). ASC 740-10 is intended to substantially reduce tax benefits (e.g., deductions, credits) from uncertainty in accounting for income tax positions. It prescribes under a two-step approach (i.e., recognition under the more-likely-than-not threshold and measurement under the cumulative probability) attributes for a tax position taken or expected to be taken in the tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

For federal tax purposes, the Organization has chosen to be treated as a Corporation operating as a tax-exempt organization under section 501(c)(3) of the Internal Revenue Code. Section 501(c)(3) allows an Organization to operate with a status that makes them exempt from federal income tax as a charitable organization. Accordingly, no provision for federal or state income tax was reflected in the accompanying financial statements.



**CATHEDRAL ARTS PROJECT, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2018 AND 2017**

8. Income Taxes (continued)

At June 30, 2018, the Organization had no liability for unrecognized income tax and does not anticipate any increase in the liability for unrecognized tax during the next twelve months. The Organization believes that its income tax position would be sustained upon examination and does not anticipate any adjustments that would result in a material change to its financial position or results of operations. Federal income tax returns remain open for examination by U.S. tax authorities for the years 2014, 2015, and 2016. State income tax returns remain open for examination by tax authorities for the years 2014, 2015, and 2016. The Organization is currently not under any federal or state income tax examination.

9. Compensated Absences

Compensated absences for sick pay and personal time do not accumulate and carry over to the next year. If the personal leave accrued is not used by the end of the year, it is forfeited. Accordingly, no provision for such liability is necessary.

10. Subsequent Events

The Organization has evaluated subsequent events through October 22, 2018, the date which the financial statements were available to be issued. No subsequent events were noted that required disclosure in the financial statements.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors  
Cathedral Arts Project, Inc.  
Jacksonville, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Cathedral Arts Project, Inc. (the "Organization"), a nonprofit organization, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 22, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the organization's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Patrick & Raines, LLC*

Patrick & Raines, LLC  
Jacksonville, Florida  
October 22, 2018

**CATHEDRAL ARTS PROJECT, INC.  
SCHEDULE OF SOURCE AND STATUS OF FUNDS  
RECEIVED FROM THE CITY OF JACKSONVILLE  
FOR THE YEAR ENDED JUNE 30, 2018**

**Receipt of City Funds**

	Cultural Services Grant Grant FY 16-17	Cultural Services Grant Grant FY 17-18
Amount of Award	\$ 217,196	\$ 209,209
Funds received 7/1/16 - 6/30/17	( 162,897)	0
Funds received 7/1/17 - 6/30/18	( 54,299)	( 156,907)
Amount remaining to be disbursed	<u>\$ 0</u>	<u>\$ 52,302</u>

**Expenditures of City Funds**

**City of Jacksonville - Cultural Services Grant**

**Contract Period: 10/1/16 - 9/30/17**

**Amount of Award: \$217,196**

Item	Budget	Actual 10/1/2016 6/30/2017	Actual 7/1/2017 9/30/2017	Remaining Balance 6/30/2018
Administrative salaries	\$ 94,000	\$ 70,500	\$ 23,500	\$ 0
Administrative payroll taxes, benefits	15,988	11,991	3,997	0
Artistic, program salaries	67,820	50,865	16,955	0
Artistic, program payroll taxes, benefits	11,420	8,565	2,855	0
Contract fees, services	7,000	5,250	1,750	0
Space rental	16,768	12,576	4,192	0
Office supplies	2,000	1,500	500	0
Marketing	2,200	1,650	550	0
Total	<u>\$ 217,196</u>	<u>\$ 162,897</u>	<u>\$ 54,299</u>	<u>\$ 0</u>

**City of Jacksonville - Cultural Services Grant**

**Contract Period: 10/1/17 - 9/30/18**

**Amount of Award: \$209,209**

Item	Budget	Actual 10/1/2017 6/30/2018	Total Actual 6/30/2018	Remaining Balance 6/30/2018
Administrative salaries	\$ 160,867	\$ 120,650	\$ 120,650	\$ 40,217
Space rental	48,342	36,257	36,257	12,085
Total	<u>\$ 209,209</u>	<u>\$ 156,907</u>	<u>\$ 156,907</u>	<u>\$ 52,302</u>

See independent auditors' report.