

**BRONX COUNCIL ON THE ARTS, INC.
FINANCIAL STATEMENTS
JUNE 30, 2014**

**BRONX COUNCIL ON THE ARTS, INC.
JUNE 30, 2014**

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KAYODE AGUNBIADE & Co.
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Independent Auditor's Report

To the Board of Trustees
Bronx Council on the Arts, Inc.
1738 Hone Avenue
Bronx, NY 10461-1403

Report on the Financial Statements

We have audited the accompanying financial statements of Bronx Council on the Arts, Inc., which comprise the statement of financial position as of June 30, 2014 and the related statements of activities and changes in net assets, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

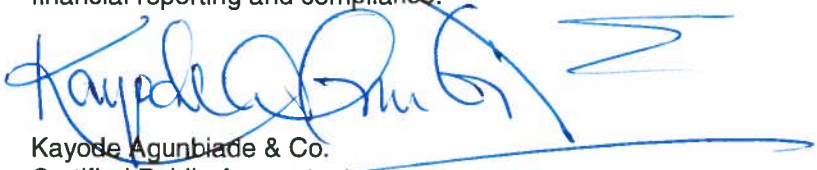
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Bronx Council on the Arts, Inc. as of June 30, 2014 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

In accordance with Government Auditing Standards, we have also issued a report dated September 9, 2014 on our consideration of the Bronx Council on the Arts, Inc. internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreement 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 Bronx Council on the Arts, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in blue ink, appearing to read 'Kayode Agunbiade', is written over the text of the signature block.

Kayode Agunbiade & Co.
Certified Public Accountants
East Orange, New Jersey
September 9, 2014

**BRONX COUNCIL ON THE ARTS, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2014**

ASSETS	Unrestricted	Temporarily Restricted	Total
Current Assets			
Cash and cash equivalents	\$ 34,815	\$ 83,395	\$ 118,210
Grants receivable	223,100	-	223,100
Security deposits	3,250	-	3,250
Prepaid expenses	6,129	-	6,129
Total current assets	267,294	83,395	350,689
Fixed assets:			
Plant and equipment	94,113	-	94,113
Land	72,500	-	72,500
Building and Improvements	747,402	164,287	\$ 911,689
Accumulated depreciation	(131,293)	-	(131,293)
Property, plant and equipment, net	782,722	164,287	947,009
TOTAL ASSETS	\$ 1,050,016	\$ 247,682	\$ 1,297,698
 LIABILITIES AND NET ASSETS			
Current Liabilities			
Accounts payable and accrued expenses	\$ 108,381	\$ -	\$ 108,381
Other loans payable	23,411	-	23,411
Conduit funds payable	9,664	-	9,664
Total current liabilities	141,456	-	141,456
Net Assets			
Unrestricted	908,560	-	908,560
Temporarily restricted	-	247,682	247,682
Total net assets	908,560	247,682	1,156,242
TOTAL LIABILITIES AND NET ASSETS	\$ 1,050,016	\$ 247,682	\$ 1,297,698

The accompanying notes are an integral part of this statement

**BRONX COUNCIL ON THE ARTS, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Public support:			
Government grants and contracts	\$ -	\$ 1,203,316	\$ 1,203,316
Foundations and Corporations	286,744	-	286,744
Individuals	8,595	-	8,595
Net assets released from restriction	1,203,316	(1,203,316)	-
Donated real-estate property	-	-	-
Total public and government support	<u>1,498,655</u>	<u>-</u>	<u>1,498,655</u>
Other revenues:			
Contracted services	8,183	-	8,183
Administrative fees	1,643	-	1,643
Special events	57,862	-	57,862
Memberships	4,544	-	4,544
In-Kind	60,125	-	60,125
Interest income	179	-	179
Total other revenue	<u>132,536</u>	<u>-</u>	<u>132,536</u>
Total public support and other revenue	<u>\$ 1,631,191</u>	<u>\$ -</u>	<u>\$ 1,631,191</u>
Expenses:			
Program services	930,292	-	930,292
Management and general	271,790	-	271,790
Fundraising	25,996	-	25,996
Total expenses	<u>1,228,077</u>	<u>-</u>	<u>1,228,077</u>
Change in net assets	403,114	-	403,114
Net assets as of July 1, 2013	<u>505,446</u>	<u>247,682</u>	<u>753,128</u>
Net assets as of June 30, 2014	<u>\$ 908,560</u>	<u>\$ 247,682</u>	<u>\$ 1,156,242</u>

The accompanying notes are an integral part of this statement

**BRONX COUNCIL ON THE ARTS, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2014**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2014</u>
Personnel expenses				
Salaries	\$ 311,280	\$ 119,182	\$ 13,500	\$ 443,962
Payroll taxes and employee benefits	64,285	26,999	3,449	94,733
Total salaries & related expenses	<u>375,565</u>	<u>146,181</u>	<u>16,949</u>	<u>538,695</u>
Other expenses				
Consultants	6,844	20,519	-	27,363
Artistic & technical service fees	102,839	10,260	-	113,098
Regrants	239,696	-	-	239,696
Professional fees and contract services	5,444	20,246	-	25,691
Rent and utilities	111,329	23,588	-	134,917
Insurance	11,755	2,031	-	13,786
Supplies	15,425	5,765	-	21,189
Telephone	5,458	2,539	-	7,996
Printing, Publication and publicity	-	6,294	-	6,294
Postage and delivery	1,229	4,275	-	5,504
Equipment leases/ purchases	36,008	6,370	-	42,378
Equipment rental and maintenance	1,055	1,985	-	3,041
Repair and maintenance	13,058	2,495	-	15,552
Conference and meetings	2,261	3,537	-	5,798
Travel	1,036	1,087	-	2,123
Dues, fees, Licenses and permits	-	3,168	-	3,168
Bank charges & payroll service fees	16	5,319	-	5,335
Interest expenses	1,275	6,132	-	7,407
Special events	-	-	9,047	9,047
Total other expenses	<u>554,727</u>	<u>125,609</u>	<u>9,047</u>	<u>689,382</u>
Total expenses before Depreciation	930,292	271,790	25,996	1,228,077
Depreciation	-	-	-	-
Total Expenses	<u>\$ 930,292</u>	<u>\$ 271,790</u>	<u>\$ 25,996</u>	<u>\$ 1,228,077</u>

The accompanying notes are an integral part of this statement

**BRONX COUNCIL ON THE ARTS, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014**

	2014
Cash flows from operating activities	
Change in net assets	\$ 403,114
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Changes in assets and liabilities:	
Decrease in grants receivable	45,327
Increase in prepaid expenses	(1,255)
Decrease in security deposits	2,763
Increase in conduit funds payable	10,809
Decrease in deferred revenue	(8,000)
Decrease in loan payable	(21,000)
Decrease in accounts payable and accrued expenses	(82,094)
Total adjustments	(53,450)
Net cash provided by operating activities	349,664
Cash flows from investing Activities	
Building and improvements	(259,189)
Net cash used by investing activities	(259,189)
Cash flows from financing activities	
Decrease in line of credit	(4,879)
Loan from bank	-
Net cash provided by financing activities	(4,879)
Net increase / (decrease) in cash	85,596
Cash - July 1, 2013	32,614
Cash - June 30, 2014	\$ 118,210
Supplemental disclosures:	
Grant revenue/loan repayment not received in cash	\$ 259,189
Interest paid	\$ 7,407

The accompanying notes are an integral part of this statement

**BRONX COUNCIL ON THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Note 1. Nature of Operations

Bronx Council on the Arts, Inc. (BCA) is a New York State Non-for-profit organization founded in 1962. BCA has been providing arts education classes, a writers' center, public arts sponsorship, performances technical services, consultation in fundraising, cultural programs, and acts as a conduit organization to distribute grants to artists and arts organization. BCA is supported primarily by government contracts. The primary focus is to offer professional, comprehensive and quality services for artists and arts organization.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Note 2. Accrual basis of accounting

The financial statements of BCA have been prepared on the accrual basis of accounting and conform to accounting principles generally accepted in the United States of America; as applicable to non-for-profit organizations.

BCA has adopted *Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statement for Non-for-profit Organizations*, whereby, the organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Support and Revenue

The Classification of an organization's net assets and its support, revenue and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of three classes of net assets, permanently restricted, temporarily restricted and unrestricted, be displayed in a statement of financial position and that the amounts of change in each of those classes of net assets be displayed in a statement of activities.

The classes of Net Assets are defined as follows:

Permanently Restricted – Net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the organization. There are no permanently restricted net assets for this period

Temporarily Restricted – Net assets resulting from contributions and other inflows of assets whose use by the organization is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the organization pursuant to those stipulations. When such stipulations end or are fulfilled, such temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities.

Unrestricted – The part of net assets that is neither permanently nor temporarily restricted by donor-imposed stipulations.

**BRONX COUNCIL ON THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES... Continued

Contributions and Revenue Recognition

BCA has also adopted *Statement of Financial Accounting Standards (SFAS) No. 116, Accounting for Contributions Received and Contributions Made*. Contributions and revenue recognition are recorded as revenue when either unsolicited cash is received or when donors make a promise to give. Contributions and promises to give are classified as, unrestricted, temporarily restricted or permanently restricted support, depending on the existence and / or nature of any donor restrictions. Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of donated assets. When a restriction is accomplished, temporarily restricted net assets are classified to unrestricted net assets and reported in the statements of activities as net assets released from restriction. However, if a restriction is fulfilled in the same time period in which the contributions are received, the organization reports the support as unrestricted.

Contract revenue from federal, state and county awarding agencies are accounted for as exchange transactions in the statement of activities and changes in net assets. The legal and contractual requirements of each program are used as guidance in applying this concept. Funds received in advance of their usage are accounted for as deferred revenue in the statement of financial position. Amounts that are spent in accordance with contract requirements but no yet received are accounted for as grants and contract receivable. Unexpended contract funds are recorded as grants payable at the end of the contract period.

Program income is recognized as income in the fiscal year that the program services are being rendered.

Property and Equipment

All expenditures for furniture and equipment in excess of \$500 are capitalized except for Government funded programs where purchases of equipment, furniture and leasehold improvements and other capital items are charged as expenditures as incurred in accordance with generally accepted accounting principles for government units; the fair value of donated fixed assets is similarly capitalized. Depreciation of furniture and equipment is provided over the estimated life of the assets on a straight-line basis. Leasehold improvements are amortized over the lesser of the related useful life of the assets or the lease term.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Concentration of Credit Risk

Financial instrument, which potentially subject the organization to concentrations of credit risk, include temporary cash investments and certificate of deposit. The Federal Deposit Insurance Corporation insures balances up to \$250,000. As of June 30, 2014, the organization had no uninsured balances.

**BRONX COUNCIL ON THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES Cont'd

Compliance with Grantor Restrictions

Financial awards from Federal, state and local governmental entities in the form of grants and awards are subject to program audits. Such audits could result in claims against BCA for disallowed costs or noncompliance with grantor restrictions. Contract Receivables have been reduced for any disallowed costs or other reduction in expected reimbursements through the audit date.

Functional Allocation of Expenses

The Cost of providing the various programs and supporting services has been summarized on a functional basis in the statements of functional expenses, Salaries and fringes are allocated directly among the various programs and supporting services based on actual time spent. Certain other costs have been allocated among the programs and supporting services based on benefit derived.

Release of Restriction on Net Assets Used for Acquisition of Property and Equipment

Contributions of property and equipment without donor stipulations concerning the use of such long-lived assets are reported as revenues of the unrestricted net asset class. Contributions of cash or other assets to be used to acquire property and equipment are reported as revenues of the temporarily restricted net asset class; the restrictions are considered to be released at the time of acquisition of such long lived asset.

Note 3. Cash in Bank

Cash in Banks at June 30, 2014 totaling \$118,210 were held in various Banking institutions. Cash at each bank is insured by the Federal Deposit Insurance Corporation for up to \$250,000 per depositor, per bank. Amount in Excess of insured limits at June 30, 2014 was approximately \$-0-Bank Charges incurred during the fiscal year ended 2014 was \$ 872.

**BRONX COUNCIL ON THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Note 4. Grants Receivable

Contracts receivable at June 30, 2014 consists of the following:

	<u>2014</u>	
NEA - Regular	\$ 20,000	
NEA - Big Read	3,000	
NYSCA	38,980	
NYC DCA - Regrant	115,000	**
NYC DCA - SPARC	15,750	
DYCD	23,370	
NYC Department of Aging	7,000	
Total Grants Receivable	<u>\$ 223,100</u>	*

*All the above have been subsequently received except for NEA Regular and \$200 to be received from NYC Dept of Aging.

** BCA acts as a conduit to distribute funds to qualified arts organizations. BCA has no role in the selection process, but merely acts to distribute the funds through a peer panel process.

Note 5. Building and Improvements

The proposed new administrative building (formerly WAMU Branch) located at 2700 East Tremont Avenue in Westchester Square in the Bronx was donated to BCA by Chase Bank in 2001. Capital Expenditures to ready the building for future occupancy will be funded by NYC DCA. The building will serve as the new administrative office upon completion in 2016. Costs incurred through June 30, 2014 have been capitalized as part of the building and improvement. No depreciation expense was taken on the building in the Current Fiscal year. Management has allocated a portion of value of the donated property to Land in the current year. Depreciation will commence upon completion and utilization of the building in 2016.

Note 6. Income Taxes

BCA is exempt from federal income taxes under Section 501(c) (3) of the U.S. Internal Revenue Code and from state and local taxes under comparable laws. They are also considered to be public charities under appropriate sections of the Code, which allow nations to BCA to be deductible contributions on donor's income tax returns.

BCA has adopted the accounting pronouncement dealing with uncertain tax positions. Upon adoption of this accounting pronouncement as of June 30, 2014, BCA had no unrecognized tax benefits. BCA has no open years subject to tax examination prior to June 30, 2014. BCA did not recognize any tax related interest and penalties for the periods reported in these financial statements.

Note 7. Contributions and Grants

Contributions, including unconditional promises to give, are recognized as revenues in the period received. Conditional promises to give are not recognized until the conditions are substantially met. Contributions of assets other than cash are recorded at their estimated fair value at date of donation. Grants are recognized as revenue as funds are expended.

Note 8. Conduit Funds Payable

Administers funds for arts organizations and individuals artists that have been awarded funds by corporate and foundation sources. It earns a small administrative fee for administering these funds. As of June 30, 2014 conduit funds payable totaled \$9,664.

**BRONX COUNCIL ON THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Note 9. Other Loans Payable

Bronx Council on the Arts, Inc. has revolving line of credit with Citibank. Interest on outstanding balances is calculated at 1% above the prime rate. There is an outstanding balance of \$8,312 at June 30, 2014. The line has been converted to a term facility. Included in other loans payable is a credit card used in the day to day operation with a balance of \$15,099 as of June 30, 2014.

Note 10. Retirement Plan

BCA participates in the employee Cultural Institutions Retirement System ("CIRS"), which covers all eligible employees. CIRS is a multi-employer plan administered by the City of New York, and its actuarial present value of vested and non-vested accumulated plan benefits and net assets available for plan benefits are not determinable on an individual institution basis. CIRS sponsors three employee benefit plans: a 401 (k) savings plan, a Defined Benefit Pension Plan, and a group life insurance plan. BCA makes contributions to these plans on behalf of all eligible employees. Contribution made in 2014 totalled \$25,000. In addition, employees are allowed to contribute to the 401 (k) plan however the matching contributions were suspended since FY 2006, hence none of the contribution was matched in the current year. As of June 30, 2014, Pension Expense was \$-0-

Note 11. Lease Commitments

Bronx Council on the Arts, Inc. administrative office is located at 1738 Hone Avenue, Bronx, NY 10461. The organization is obligated for minimum aggregate annual rent under a cancellable operating agreement as follows:

2014	<u>\$ 44,748</u>
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Rent Expense for the year ended June 30, 2014 was \$104,873, which included In-kind space contribution for one of its satellite operation at the Hostos Community College, an affiliate of City University of New York which donated gallery space, utilities, and maintenance services to the Longwood Art Gallery, a program of BCA, for exhibitions and events. The fair value of the space and related services are recorded as income and expense totaling \$60,125.

The Westchester Square Branch of the New York Public Library provides space, utilities and maintenance services to the Writers Center, a program of BCA. The fair value of the space and related services are not recorded as income and expense since it is not susceptible to objective measurement.

Note 12. Subsequent Events

Management has evaluated subsequent events that occurred after the balance sheet date through September 9, 2014, the date the financial statements were available to be issued. There were no required disclosures as determined by management.

**BRONX COUNCIL ON THE ARTS, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014**

Note 13. Contract Revenue

For the year ended June 30, 2014 Contract and Other revenue consists of:

	<u>2014</u>
NEA - Regular	\$ 40,000
NEA - Big Read	15,000
NYSCA	186,900
NYC DCA - Regrant	534,860
NYC DCA - SPARC	36,000
DYCD	119,366
NYC Department of Aging	7,000
NYC DCA -Capital Project	259,189
Foundation & Grants	286,744
In-Kind and Others	132,536
Individuals	8,596
Total Grants Receivable	<u>\$ 1,626,191</u>

Approximately 70% or \$1,136,315 of the program support and Revenue is derived from City of New York, Department of Cultural Affairs.

Note 14. Contingency

BCA has received funds from federal government in form of grants. Entitlement to the resources is conditional upon compliance with terms and conditions of the grant agreements and applicable regulations. Substantially, all grants are subject to the financial and compliance audits by the grantors. Management is of the opinion that a liability, if any, resulting from any financial and compliance audits would not have a material adverse effect on BCA's financial statements.

Note 15. Long-Live Assets and Impairment

In accordance with the provisions of ASC 360, the Center reviews long lived assets for impairment when circumstances indicate that the carrying amount of an asset may not be recoverable based on the undiscounted cash flows of the asset. If the carrying amount of an asset may not be recoverable, a write down to fair value is recorded. Fair values are determined based on the undiscounted cash flows, quoted market values or external appraisals, as applicable. Long lived assets are reviewed for impairment at the individual asset or the asset group level for which the lowest level of independent cash flows can be identified. There were no impairment losses recognized for the year ended June 30, 2014.

Note 16. Re-designation of Endowment Fund

The Rockefeller Brothers Fund grant of \$250,000 approved in November 2008 as endowment contribution was subsequently re-designated as a Cash Reserve grant with the approval of the Donor in December, 2001. With the re-designation, the grant fund matching requirement was also approved and changed to cash (\$ 83,395) and gifted building (\$ 164,287) See Note 5.



KAYODE AGUNBIADE & Co.
Certified Public Accountants

Business Consultants

CPASM
The CPA. "Never Underestimate The Value."

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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
Bronx Council on the Arts, Inc.

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 Bronx Council on the Arts, Inc., which comprise the statement of financial position as of June 30, 2014 and the related statements of activities and changes in net assets, cash flows and functional expenses for the years then ended, and the related notes to the financial statements, and have issued our report thereon date September 9, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Bronx Council on the Art's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements but not for the purpose of expressing an opinion on the effectiveness of Bronx Council on the Art's internal control. Accordingly, we do not express an opinion on the effectiveness of Bronx Council on the Art'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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity'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.

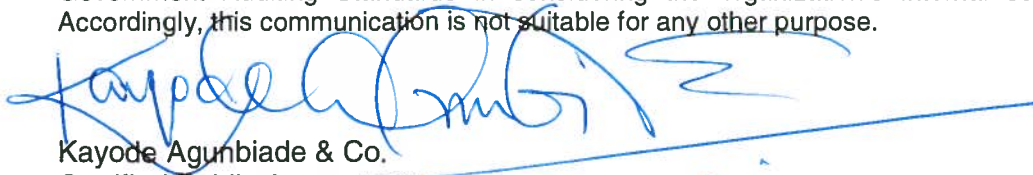
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Bronx Council on the Arts, Inc. financial statements are free of 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 Government Auditing Standards in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink, appearing to read 'Kayode Agunbiade', is written over a horizontal blue line.

Kayode Agunbiade & Co.
Certified Public Accountants
East Orange, New Jersey
September 9, 2014

**BRONX COUNCIL ON THE ARTS, INC.
SCHEDULE OF FINDINGS AND RECOMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2014**

Current Year:

None

Prior Year:

None