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LAKE REGION ARTS COUNCIL

FERGUS FALLS, MINNESOTA

FINANCIAL REPORT

June 30, 2000

LAKE REGION ARTS COUNCIL

C O N T E N T S

	<u>Page</u>
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Activities	3
Statement of Functional Expenses	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8

LAKE REGION ARTS COUNCIL
STATEMENT OF FINANCIAL POSITION
June 30, 2000
(With Comparative Totals for 1999)

ASSETS

	<u>2000</u>	<u>1999</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 106	\$ 123
Money Market Funds	60,990	99,796
Grants Receivable	-	28,400
Other Receivable	1,141	-
Prepaid Expenses	<u>1,783</u>	<u>2,087</u>
Total Current Assets	\$ <u>64,020</u>	\$ <u>130,406</u>
EQUIPMENT		
Equipment	\$ 40,365	\$ 37,432
Less Accumulated Depreciation	<u>(19,291)</u>	<u>(18,077)</u>
Net Equipment	\$ <u>21,074</u>	\$ <u>19,355</u>
Total Assets	\$ <u>85,094</u>	\$ <u>149,761</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts Payable	\$ 2,506	\$ 9,351
Grants Payable	<u>30,845</u>	<u>43,785</u>
Total Current Liabilities	\$ <u>33,351</u>	\$ <u>53,136</u>
COMMITMENTS	-	-
NET ASSETS		
Unrestricted	\$ 20,836	\$ 27,064
Temporarily Restricted	<u>30,907</u>	<u>69,561</u>
Total Net Assets	\$ <u>51,743</u>	\$ <u>96,625</u>
Total Liabilities and Net Assets	\$ <u>85,094</u>	\$ <u>149,761</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2000
(With Comparative Totals for 1999)

	2000			1999
	Unrestricted	Temporarily Restricted	Total	Total
SUPPORT, REVENUE AND RECLASSIFICATIONS				
Minnesota State Arts Board Grant	\$210,389	\$ -	\$210,389	\$211,847
Interest Income	8,602	-	8,602	9,796
Other Revenue	3,707	481	4,188	2,523
Net Assets Released From Restrictions	<u>39,135</u>	<u>(39,135)</u>	<u>-</u>	<u>-</u>
Total Support, Revenue and Reclassifications	<u>\$261,833</u>	<u>\$ (38,654)</u>	<u>\$223,179</u>	<u>\$224,166</u>
EXPENSES				
Program Services				
General Program	\$169,832	\$ -	\$169,832	\$164,496
McKnight Foundation	<u>40,220</u>	<u>-</u>	<u>40,220</u>	<u>31,970</u>
Total Program Services	\$210,052	\$ -	\$210,052	\$196,466
General and Administrative	<u>58,009</u>	<u>-</u>	<u>58,009</u>	<u>54,956</u>
Total Expenses	<u>\$268,061</u>	<u>\$ -</u>	<u>\$268,061</u>	<u>\$251,422</u>
Change in Net Assets	\$ (6,228)	\$ (38,654)	\$ (44,882)	\$ (27,256)
NET ASSETS - Beginning of Year	<u>27,064</u>	<u>69,561</u>	<u>96,625</u>	<u>123,881</u>
NET ASSETS - End of Year	<u>\$ 20,836</u>	<u>\$ 30,907</u>	<u>\$ 51,743</u>	<u>\$ 96,625</u>

See Notes to Financial Statements.

EXPENSES

- Salaries
- Payroll Taxes
- Employee Benefits
- Newsletter
- Grants and Awards
- Project Coordinator
- Fees, Stipends and
- Travel, Meals and L
- Telephone
- Postage
- Electricity
- Office Expenses
- Rent
- Gallery Expense
- Repairs and Mainten
- Meeting Expense
- Insurance
- Professional Servic
- Printing and Public
- Memberships
- Workshops
- Depreciation
- Miscellaneous

See Notes to Financials

LAKE REGION ARTS COUNCIL
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2000
(With Comparative Totals for 1999)

	<u>2000</u>	<u>1999</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$(44,882)	\$(27,256)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	3,835	2,617
(Increase) Decrease in Operating Assets		
Grants Receivable	28,400	27,600
Other Receivable	(1,141)	-
Prepaid Expenses	304	(2,087)
Increase (Decrease) in Operating Liabilities		
Accounts Payable	(6,845)	5,734
Grants Payable	<u>(12,940)</u>	<u>13,519</u>
Net Cash Provided by Operating Activities	\$(33,269)	\$ 20,127
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of Equipment	\$ (5,554)	\$(14,817)
Net Cash Used by Investing Activities	\$ (5,554)	\$(14,817)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$(38,823)	\$ 5,310
CASH AND CASH EQUIVALENTS, Beginning of Year	<u>99,919</u>	<u>94,609</u>
CASH AND CASH EQUIVALENTS, End of Year	<u>\$ 61,096</u>	<u>\$ 99,919</u>

See Notes to Financial Statements.

LAKE REGION ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

NOTE 1. Nature of Operations and Significant Accounting Policies

Nature of Operation:

Lake Region Arts Council is a non-profit corporation organized under the laws of the State of Minnesota. It is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and is not a private foundation within the meaning of Section 509(a) of the Code. The Corporation was formed to provide funding for artistic endeavors through a regranting process.

Funding of the Corporation's activities is from two major sources: the Minnesota State Legislature appropriation and the McKnight Foundation. Continuing support from the State legislature is on a year-by-year basis. McKnight support is provided on a triennial basis.

Support and Revenue:

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor 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.

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

Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Cash and Cash Equivalents:

The Corporation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and Cash equivalents for purposes of the statement of cash flows exclude permanently restricted cash and cash equivalents.

LAKE REGION ARTS COUNCIL
NOTES TO FINANCIAL STATEMENTS
June 30, 2000

NOTE 1. Nature of Operations and Significant Accounting Policies
(continued)

Property and Equipment:

Office equipment is reported at cost if the asset was purchased, or at fair market value at the date of receipt if the asset was donated. Depreciation totaling \$3,835 for the year ended June 30, 2000 was computed using the straight-line method over the estimated useful lives of the assets.

NOTE 2. Grants Receivable

In June of 1998, the Lake Region Arts Council received a grant from the McKnight Foundation for \$84,000. This grant is to fund the Council's McKnight program for fiscal years 1999, 2000 and 2001. Of the total grant, \$28,000 of cash was received in June of 2000 and was put in the money market account.

NOTE 3. Grants Payable

Lake Region Arts Council awards grants to qualifying organizations and individuals based on an evaluation process carried on by the governing board. In most cases, a portion of the amount awarded is withheld until the project being funded is completed. At June 30, 2000 a total of \$30,845 has been awarded but not yet remitted to grantees pending completion of their projects. This amount will be paid during the next fiscal year.

NOTE 4. Net Assets

The net assets as of June 30, 2000 consisted of the following components:

	<u>June 30, 2000</u>
Unrestricted:	
General Program	\$20,836
Temporarily Restricted:	
McKnight Foundation	\$30,907

NOTE 5. Functional Allocation of Expense

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of revenue, expenses and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Costs which have been allocated include salaries, payroll taxes, telephone, occupancy costs and postage.